

THE MAGAZINE OF THE MUSEUM OF AMERICAN FINANCIAL HISTORY

FINANCIAL H I S T O R Y



John D. Rockefeller: A Photographic History
From the Ashes of San Francisco to America's Largest Bank
An American Dynasty: The Vanderbilts

ISSUE 66 ~ 1999 II

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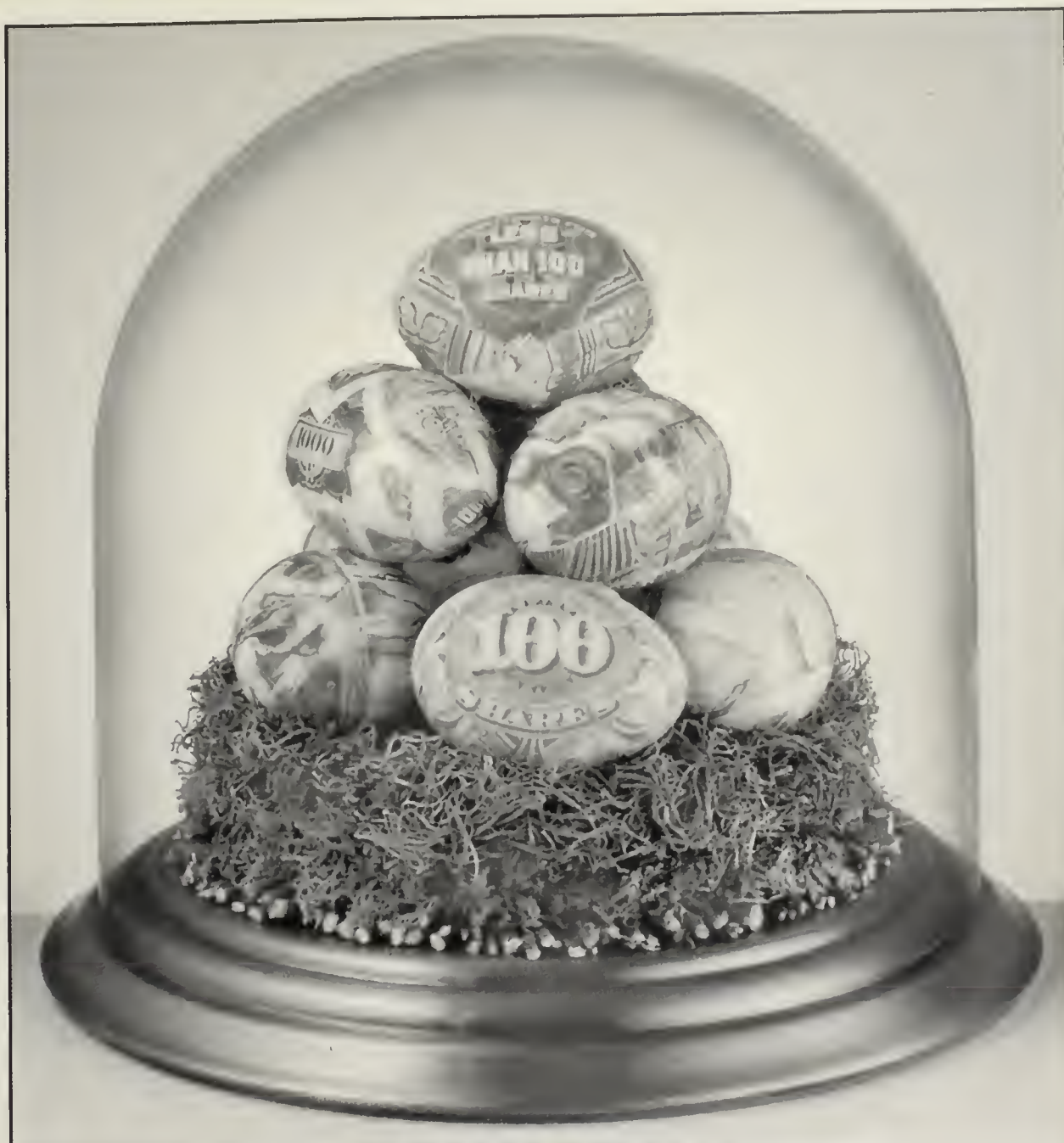
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FINANCIAL HISTORY

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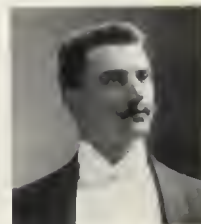
Contents

Features

12 From the Ashes of San Francisco to America's Largest Bank

*How Bank of America founder A.P. Giannini
made a fortune, but didn't die rich*

By Sanford J. Mock



17 The Black Gold of Texas

Buying stock in the early Texas oil rush

By Robert Camp

20 John D. Rockefeller: A Photographic History

*In a lifetime that spanned nearly a
century, John D. Rockefeller forever
changed American business, while
creating a philanthropic legacy.*

By Kristin Richard and Keith E. Rolfe



26 The New Jersey Pinelands Iron Plantations

Company-issued script as an alternative to U.S. tender

By Russell Roberts

28 History of the North American Land Company

By Earl Moore

32 An American Dynasty: The Vanderbilts

*Collecting autographs from the family whose name is
synonymous with American wealth*

By James Lowe

On the Cover

John D. Rockefeller, age 45.

*Courtesy of the Rockefeller
Archive Center*



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*Contents**Departments***6 Founder's Report**

By John E. Herzog

6 Member News

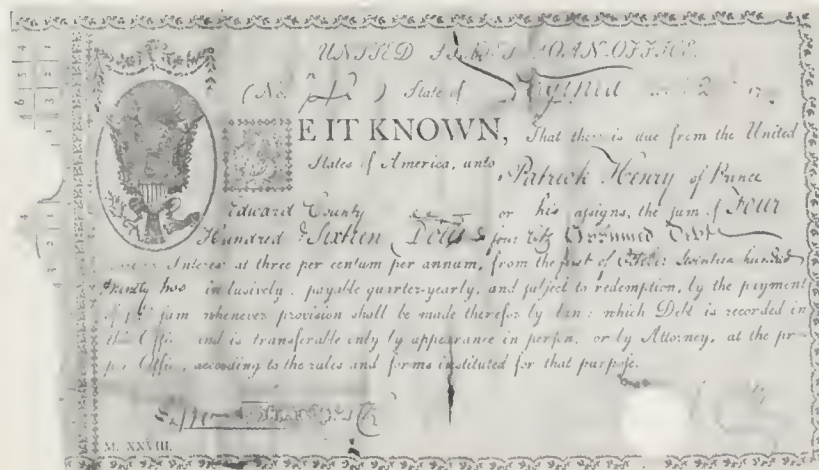
The Museum launches the first exhibit on John D. Rockefeller ever to explore the life of this very private man, from his childhood to his creation of America's largest corporation, through his retirement. This exhibit is presented in conjunction with the Rockefeller Archive Center and Rockefeller University.

10 Educators' Perspective

The Re-Mantling of Standard Oil: Implications for the Next Century
By Dan Cooper & Brian Grinder

*Every Issue***35 Financial History Trivia Quiz****36 Summer 1999 Events Calendar****37 Guide to Advertisers****38 Collector's Marketplace****40 From the Collection**

Highlights from the Museum's Early American Collection
By Keith E. Rolfe





Founder's Report

By John E. Herzog

LAST YEAR, like thousands of other vacationing Americans, I took John D. Rockefeller to the beach with me. *Titan*, Ron Chernow's groundbreaking new biography, may have been fast out of the starting blocks and racing to the top of the best seller lists, but it slowed my pace as I would lug it to and from the Connecticut coast each weekend. The 700-page work is weighty for its author's meticulous scholarship—and for the load it added to my beach bag. I would return to Brooklyn each Sunday with a deeper appreciation for Rockefeller's achievements, and eager to get to know my beach companion a little better the following weekend.

From the pages of this engaging volume, the first major work to take on this subject since the earlier writings by Ida Tarbell and Allan Nevins, and the first to tap the modern archival facility on the grounds of the family's estate in Tarrytown, emerges a new Rockefeller. Here we see a visionary who, at the dawn of this century, not only proved a better manager than his rivals, but crafted modernday management tools which would shape the American corporation through the next hundred

years of business growth and economic expansion. *Titan* is neither an apologia for Standard Oil's controversial practices, nor an expose in the fashion of salacious contemporary biography. Rather, it has been heralded as a balanced presentation, grounded in context developed out of this newly available archival material.

We were delighted when Ron agreed to guest curate our new exhibit, "Rockefeller Rediscovered," and we are extremely proud to have had the active participation of the Rockefeller Archive Center. Its Director, Dr. Darwin Stapleton, and his able staff have been enormously helpful at every stage. In addition to the rich wealth of expertise which they contributed, they have loaned for the first time artifacts never before displayed for the public, including the desk used in this building by Rockefeller when he was at the helm of Standard Oil. We also are grateful to The Rockefeller University, which has con-

tributed to the exhibit and which will host an installation of the exhibit next year, in conjunction with their centennial observance. We are thrilled to be associated with that occasion.

We also are pleased to close the Museum's Tenth Anniversary year with this exhibit. It speaks directly to the reason we're here: to make financial history come alive through exciting stories of human achievement. No story is more fitting as we enter our second decade of service—and as we all approach the year 2000. Two recent "millennium" lists have featured Rockefeller as one of the 100 most influential figures of the century. What lessons can we learn today from America's most successful businessman at the turn of the century? We invite you to come to the Museum to find the answers.

And, there's good news for this summer's beachgoers who haven't yet read *Titan*. Ron's book comes out in a lighter weight paperback in August. **FH**



The Museum of American Financial History is the newest public repository of documents, stock and bond certificates, engravings, and other historically significant artifacts dedicated to the origins and history of the American capital markets.

The Museum is located at 28 Broadway, New York City. Hours: 10:00 a.m. until 4:00 p.m. Tuesday–Saturday. Admission is free, and special hours can be arranged for group tours. For further information, please contact the Museum at 212-908-4519.

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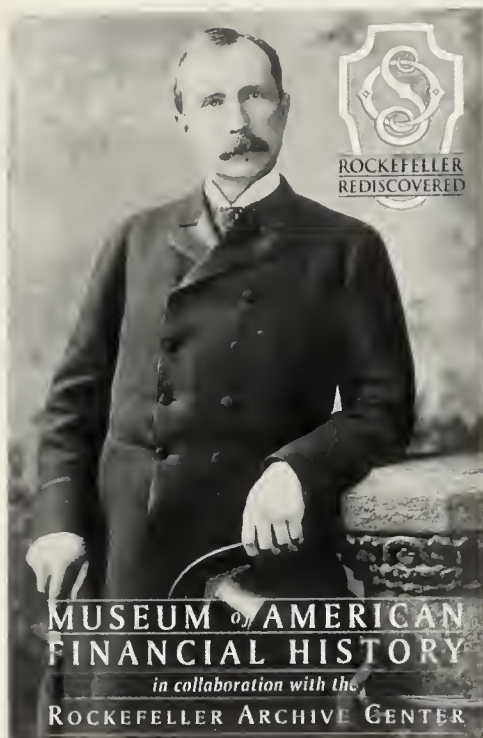
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Exhibit Preview: Rockefeller Rediscovered

By Meg Ventrudo



THE STANDARD OIL COMPANY (a.k.a. "the Octopus") is synonymous with its founder, John D. Rockefeller.

The life of John D. spanned almost a century, and in his lifetime, Rockefeller gained control of the world's largest oil refining business and created a philanthropic legacy.

"Rockefeller Rediscovered" examines Rockefeller's life from his early childhood in upstate New York, to his early years in business in Cleveland, and his role as CEO of the first modern international corporation. The target of an antitrust suit similar to the Microsoft lawsuit, the Standard Oil case has much relevance to today's business world.

John D. Rockefeller created dual dynasties. Standard Oil was the largest oil refining company, and Rockefeller was one of the largest philanthropists. His donations included endowments to Spelman College in Atlanta, University of Chicago, and many health-related projects in the American South. The

Rockefeller University, a scientific research facility in New York City, is the only philanthropic venture that bears his name. Rockefeller's descendants have continued in their patriarch's footsteps, endowing various New York City cultural institutions, including the Cloisters, the Museum of Modern Art, and Lincoln Center.

"Rockefeller Rediscovered" contains many photographs and objects from the Rockefeller Archive Center, as well as items from the Museum's permanent collection, including two Standard Oil checks—one signed by John D. and the other signed by his brother, William. Ron Chernow, author of *Titan*, is the guest curator of the exhibit. **FH**

Below: Celebrating the site of the former headquarters of the Standard Oil Company, the exhibit will feature a recreation of John D. Rockefeller's office at 26 Broadway, including this desk he used.

What's New in *Scripophily*?

THE MAY 1999 ISSUE OF *Scripophily*, the magazine of the International Bond & Share Society, features articles on The Chesapeake & Delaware Canal Company, The Deutsch-Asiatische Bank, and the London East India Company, among others.

The quarterly publication, geared towards collectors and dealers, is available with Society membership. For further information, please visit the International Bond and Share Society website at www.scripophily.org. **FH**



Courtesy of the Rockefeller Archive Center

Take a Walk on Wall Street

Do Not Pass Go! Go Directly To The Museum of American Financial History

HASBRO'S "MR. MONOPOLY" led the Museum's inaugural "World of Finance" guided walking tour of New York's Financial District on Friday, April 9. The two-hour tour, offered every Friday, walks "the Street" where fortunes are made—and lost—each day. It includes tales of the Robber Barons, great industrialists and present-day tycoons, as well as a visit to the New York Stock Exchange, where participants view the busy trading floor of the world's premier exchange.

The Museum offers the "World of Finance" tour every Friday at 10 A.M., beginning in the Museum gallery at 28 Broadway. The tour is sponsored by the Museum and Heritage Trails New York, with Big Onion Walking Tours. The cost of the "World of Finance" tour is \$15 per person, and \$10 for students with ID and seniors. Reservations are only necessary for groups of 10 or more. **FH**



Students Win Big in the Stock Market Game

By Kristin Richard

The group that gathered for lunch in the Board Room of the New York Stock Exchange on May 27 was anything but typical. But although the average age in the room was in the early teens, and although many of the speakers needed to stand on a step stool to reach the podium, they all had one thing in common: they invested wisely in the stock market.

The luncheon honored the New York Metro Area winners of the Stock Market Game, the international competition that allows students in grades 4–12 to invest and manage a hypothetical portfolio of \$100,000, to gain an understanding of the stock market.

Even though the award ceremony took place in the New York Stock Exchange, Nasdaq-listed tech stocks yielded the biggest earnings for these students. Nearly every team captain spoke of his or her team's success investing in companies with names ending in "dot com."

The winners all praised the game for bringing a lesson in real-life finance into their classrooms, and many said their only regret was that they were not yet investing real money. **FH**

For further information about the Stock Market Game, please visit their website at www.smg2000.com.

Opposite page: This team of students from P.S. 193 were the Elementary School winners of the Stock Market Game 2000 in the New York Metro Area, Fall 1998. Their hypothetical portfolio of \$100,000 grew to \$156,596.39 by the end of the 10 week playing period.

Mr. Monopoly Unveils New Moneybag Game Token at Museum

MR. MONOPOLY unveiled the prototype model for the first Monopoly game board playing piece to be added in 40 years at a live press conference at the Museum on March 16, 1999. He then presented the piece, an overstuffed sack of money, to the Museum to add to its permanent collection. A yearlong, nationwide contest resulted in the selection of the moneybag token over two runners-up, a biplane and a piggy bank, bringing the total number of playing pieces to 11.

On the day of the announcement, Trevor Sage-El, a seventh grader from Renaissance School in Montclair, New Jersey was the first player to use the new token. Trevor also won the first game to be played using the new token in a competition with his classmates at the Museum.

Over the past 60 years, Monopoly has introduced generations of young people to money and finance—more than 500 million people in all, in 80 countries and in 26 different languages. The moneybag token is now on display in the Museum gallery. **FH**



Above: Mr. Monopoly unveils the first new Monopoly game token in over 40 years.

Left: Mr. Monopoly with seventh graders from the Renaissance School in Montclair, NJ.

Below: Trevor Sage-El, left, was the first to play Monopoly with the new moneybag game token.



The Re-Mantling of Standard Oil: Implications for the Next Century

By Brian Grinder & Dan Cooper

IT IS DIFFICULT TO IMAGINE a corporate trust that could be larger, more powerful, or more successful than the Standard Oil Company. At its zenith, Standard Oil owned or directly controlled everything from the rich Pennsylvania oil fields to the metal cans used by Standard Oil deliverymen to distribute kerosene to the front doors of American homes and businesses. There have been few more successful examples of vertical and horizontal integration within a specific industry, and Rockefeller made sure he and his company captured the majority of the revenue generated by every transaction within his firm.

In the period of industrialization that followed the Civil War, American businesses began to consolidate into huge monopolies known as trusts. These trusts were efficient corporate vehicles for attracting the investment capital needed to fuel corporate growth, but they tended to concentrate wealth and influence into the hands of a few people. Not many American businessmen of the time engendered more fear or jealousy than John D. Rockefeller, the founder of Standard Oil. He realized Standard Oil would thrive and prosper only if he could radically reduce competition in the oil industry. Before the establishment of the oil trust, the industry often suffered from overproduction, which forced the price of oil down to devastatingly low levels. It was to this end that Rockefeller focused all of his considerable talents and energies. This single-minded pur-

suit often led to cutthroat business practices that were highly questionable and sometimes illegal. Though the oil trust made Rockefeller a very wealthy man, the ruthless manner in which it was established permanently tarnished Rockefeller's reputation.

The late 19th century was, as now, a period of swift technological change.



*Antitrust cartoon from the Record, Philadelphia, PA, April 7, 1909.
Courtesy of the Rockefeller Archive Center.*

Industrial forces now ruled a once agrarian economy. Advances in transportation, manufacturing, and communications were reshaping the American and world economies. As might be expected, all this change caused a great deal of fear and unrest among the populace. Labor was organizing in reaction to tyrannical management practices, new socialist political movements were attracting attention, and people were growing increasingly suspicious of any individual who wielded too much power.

These great social and political upheavals spelled doom for the Stan-

dard Oil Trust, as the U.S. government, under the administrations of Theodore Roosevelt and William Howard Taft, began the process of "trust-busting." On May 15, 1911 following five years of legal battles, losses, and appeals, the United States Supreme Court ruled 8-to-1 that Standard Oil had indeed violated the Sherman Antitrust Act of 1890 by creating an "undue" restraint on trade. Standard Oil was given six months to dismantle itself into smaller operating entities.

Standard Oil did indeed break itself apart, but not too far apart, as Peter Collier and David Horowitz explain in their 1976 book, *The Rockefellers: An American Dynasty*. "The stockholders received shares in the various Standard companies proportionate to their holdings in the Standard company.... The octopus was broken down into 39 different and theoretically competitive companies at the time of the dissolution, but ownership remained in the hands of the same shareholders who had always been in control...."

Reformers and activists, however, praised the actions of the Supreme Court and held up the decision as the dawn of a new more equitable age of business. Wall Street held a similar view as huge run-ups were triggered in the stock of the new companies. Rockefeller himself grew ever richer as Standard of New York stock skyrocketed from \$260 per share to over \$580 per share, while Standard of Indiana rose from \$3,500 per share to over \$9,600 per share. In a recent commentary, Frank Whelan of the *Allentown Morning Call* noted, "It [the market activity] seemed in line with Rockefeller's goal to 'try to turn every disaster into an opportunity.'"

In 1912, former President Theodore

Roosevelt was outraged by the market's response to the break-up of the evil empire. In a speech given in San Francisco, Roosevelt declared:

Under the decree of the court the Standard Oil Company was split up into a lot of smaller companies.... What has been the actual result? All the companies are still under the same control, or at least working in such close alliance that the effect is precisely the same. The price of the stock has gone up over one hundred percent, so that Mr. Rockefeller and his associates have actually seen their fortunes doubled.... At the same time, the price of oil to the consumer has gone up by leaps and bounds. No wonder that Wall Street's prayer now is: "Oh Merciful Providence, give us another dissolution."

Alan Nevins (1953) attributes the rise in value of Standard securities to the expansion of trade and to the increased flow of information from the new companies that allowed the investing public to determine their true value better.

The irony should not be lost on us, as we approach the eve of this century, that the largest remaining pieces of the original Standard Oil Trust are reuniting. On December 1, 1998, Exxon announced plans to acquire Mobil. When Mobil shareholders voted to approve the merger on June 9, 1999, they in essence created the world's largest company (surpassing General Motors). This merger, along with the earlier acquisition of Standard Oil (itself built largely on the assets of another Rockefeller property, Standard Oil of Ohio) by British Petroleum, has been dubbed "Rockefeller's Revenge" by the press. While Exxon-Mobil and British Petroleum will indeed be huge, these firms' relative influence on the American consumer is

small compared to the influence of John D. Rockefeller's original oil trust.

So what should we learn from both the original dissolution and remantling that is now taking place? Here are a few lessons:

1. Finance finds a way. When it is efficient to do so, capital will concentrate to expand markets, build industries, and develop new products.
2. Government actions can actually add value. The dissolution of Standard Oil sparked an incredible bull market in the stock of the new com-

panies. Freeing assets from overly constraining organizational structures creates value. Bill Gates and Microsoft might want to take heed.

3. History repeats itself with slight variations on its themes. A century ago, technology and capital market innovations produced the most powerful firms ever seen. Today, firms are again combining and even crossing national boundaries to form monolithic multinational corporations.
4. Finance finds a way (Part 2). When this new generation of firms

becomes too large and inefficient, the market will be ready to seek a more value-added form.

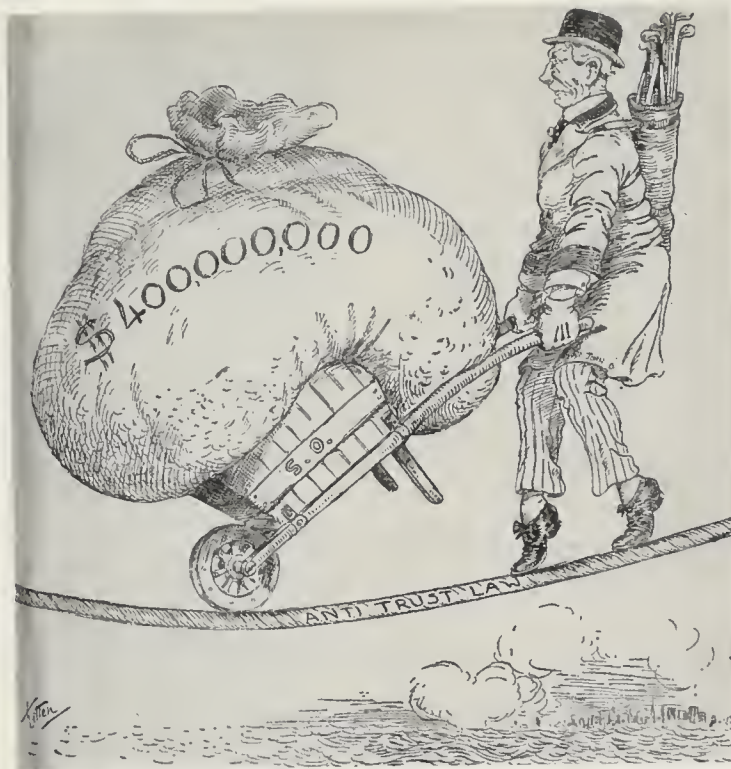
5. Government actions can actually add value (Part 2). The role of the government, indeed how government is defined, is uncertain at this moment. This is again analogous with 100 years ago. But whatever form government takes, its policies can be an effective means of counterbalancing business interests.

6. History repeats itself with slight variations (Part 2). But perhaps we digress.... **FH**

Dr. Dan Cooper is a member of Financial History's editorial board and teaches finance and investments at Marist College in upstate New York. Dr. Brian Grinder is an assistant professor of finance at Eastern Washington University in Cheney, WA.

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Antitrust cartoon from the World, New York City, November 22, 1908. Courtesy of the Rockefeller Archive Center.

From the Ashes of San Francisco To America's Largest Bank

How A.P. Giannini Didn't Die Rich

By Sanford J. Mock

A YOUNG WOMAN ONCE DESCRIBED Amadeo Peter Giannini, fruit peddler, real estate investor and founder of America's biggest bank, as "the handsomest man in North Beach."

The dynamo who created the Bank of America was born in 1870 in San Jose, California, 50 miles south of San Francisco, the son of immigrants from Genoa, Italy, who successfully farmed a 40-acre spread.

When Amadeo was only seven years old, an irate farm hand shot and killed his father, Luigi, in an argument over a one dollar debt. His mother, Virginia, only 21 at the time, remarried soon to farmer Luigi Scatena. Five years later, the family moved to San Francisco, where Scatena became a commission merchant, buying and selling fruit and vegetables as river boats brought the produce from the inland valleys.

Twelve-year-old Amadeo helped his step father, learning the trade, and more importantly, the skills of selling and the habit of hard work.

For the next dozen years, Amadeo aided in building Scatena & Co. into the most successful produce merchant on the West Coast. Young Giannini was six feet two, 240 pounds with a booming voice and fists he used when necessary. Early on, he was a force to be reckoned with.

A.P. was a serious "no nonsense" type. In 1949, he said to a reporter, "I kept on working hard, sticking to business, and not paying attention to anything else, like hanging around with the boys, or going to parties or dances."

Nonetheless, in 1892, he did find time to notice pretty Clorinda Cuneo, the daughter of a prosperous San Francisco merchant. He saw her at mass, and he listened to her sing in the choir. A.P. began to court her in earnest, unperturbed that she was engaged to a young physician studying abroad.

Now a young man of means, A.P. was a dashing figure in the San Francisco social community. He squired



A. P. Giannini, founder of the Bank of America

Clorinda to the theatre and opera, sporting a top hat and white gloves, and carrying a gold-headed cane. A waxed handlebar mustache completed the romantic picture.

What girl could resist? Clorinda forgot her distant fiancé, and she and Amadeo married. A son, a daughter and another son followed quickly. The first born, Mario, eventually succeeded his father at the helm of the Bank of America.

A.P.'s single-minded drive to succeed made possible a remarkably early retirement at the age of 31. He had

invested in San Francisco real estate, which produced an income of \$250 a month, enough for the family to live on. A.P. sold his interest in the Scatena produce company for \$100,000 and invested that in more real estate.

His father-in-law, Joseph Cunco, died months later, leaving significant real estate holdings in San Francisco, and the family asked young Giannini to manage the properties. He also took Cunco's position on the Board of Directors of Columbus Savings & Loan Association.

Columbus Savings had opened in 1893 in the Italian immigrant community of North Beach. It was managed very conservatively, loaning primarily to established businesses and well-to-do individuals. This policy excluded the sizeable population of struggling Italian immigrants, who were considered "unbankable."

Many of these people had never been inside a bank, and they trusted the mattress as a safer depository for their money. Giannini tried to persuade the Board to broaden its lending policies. From first-hand experiences with small farmers and merchants up and down the state, he told the Board, "The 'little guy' will make a steady, reliable and loyal customer."

Columbus's management was under the influence of Isaías W. Hellman, senior member of a family that would be important in California banking for several generations. Hellman disagreed with Giannini, and after further frustrating failures to sway the Board, A.P. resigned in disgust.

He sought the counsel of an old friend, James J. Fagan, an executive with the big Crocker-Woolworth Bank, "Giacamo," (James, in Italian) A.P. said, "I'm going to start my own bank. Tell me how to do it."

Thus, in the middle of Little Italy in North Beach, the Bank of Italy was born. Giannini took over the lease of a saloon, and, for \$5,000, converted it into a bank. He opened in 1904 with himself as vice president, taking no salary.

From the outset, the new bank was a success. Giannini, who had no experience as a banker, did it his own way - knocking on doors to find customers. He worked the docks, as he had a few years earlier. He would make a loan of as little as \$25, without collateral. The lower limit was \$100 with other banks. According to legend, the bigger the callouses on a worker's hands, the bigger the loan he would make.

A.P. ran newspaper ads and distributed fliers to tell his story. Traditional bankers thought his unorthodox methods were undignified and inappropriate. He not only believed in cultivating many small depositor-borrowers, but he also conceived of a diversified stockholder group, with no excessive concentration of ownership. Before the bank opened, he had sold stock for \$100 a share to 160 North Beach shareholders, raising \$300,000.

In a year, the bank had assets of a million dollars, and in another year, \$1.9 million—still comparatively small spaghetti. But the disaster of April 18, 1906, the great San

Francisco earthquake and fire, became the catalyst to propel Amadeo Giannini's little bank to fantastic growth and power.

Disaster Strikes

When his modest house in San Mateo, which he called "Seven Oaks," shook violently before dawn that morning, A.P. hurried to the train, which was forced to stop short of the city because of widespread devastation. The quake had lasted only 28 seconds, but it was severe enough to buckle sidewalks and street pavements. Streetcar tracks were twisted, and telephones and lights were out.

The ornate, but poorly built, dome of City Hall collapsed, although newer structures like the St. Francis and Palace hotels and big buildings in the financial district of Montgomery Street survived the earthquake (but not the subsequent fire).

The flames started south of Market Street near the bay, where flimsy and ancient wooden flats, many dating back to "Forty Niner" days, were ignited from severed gas lines, overturned stoves, and torn electric wires.

When water mains burst, supply dwindled in this area and, in most sections of the city, whole blocks were leveled. Giannini had to walk several miles to the North Beach section, where he found the bank damaged only slightly. In fact, the assistant cashier and a teller were still open for business. The fire, however, was now only a few blocks away.

Giannini ran to nearby Scatena & Co., the trading firm he formerly owned, where he commandeered two produce wagons and two teams of horses. The bank had \$80,000 on hand, mostly in gold. He loaded this into the wagons, hiding the treasure from view with crates of oranges with the bank records piled on top.

At the big banks in the financial district, employees were stuffing cash and records into fireproof vaults. Frightened customers were bringing their valuables to put in the vaults for safekeeping.

The city was in a state of lawlessness. Looters were loose, thugs were thick. Troops were called out from the Presidio, San Francisco's military reservation. The panic was on. Thousands of refugees, carrying belongings on their backs, in push carts, wheelbarrows, even baby carriages, struggled to escape the burning city.

The roads were so crowded that it took A.P. and his helpers all night to cover the 18 miles to the suburb of San Mateo. At Seven Oaks, they hid the gold and cash in an opening under the fireplace.

With no sleep, A.P. returned to the city, where he found the downtown business section virtually gone. He found the same in North Beach, including the Bank of Italy. The disaster claimed 500 lives, and 250,000 people were left homeless. Property loss was estimated at \$350 to \$500 million.

Business and city leaders held an emergency meeting at the waterfront. Many had lost everything, and bankers had



Mario, Clorinda, A.P., Claire, and Virgil

cash stuffed in vaults too hot to open for weeks. How could they function?

Rising from Ashes

In this crisis, Giannini proved himself as a businessman hero. "Tomorrow morning," he announced, "I am putting a desk on Washington Street wharf with a Bank of Italy sign over it. Any man who wants to rebuild San Francisco can come over there and get as much cash as he needs to do it. I advise all of you bankers to beg, borrow, or steal a desk and follow my example."

The next morning, the Bank of Italy opened its makeshift office, a wooden plank supported by two barrels, on the port's business pier. While other bankers frantically met and talked, A.P. was loaning small amounts of money to burned out immigrants, infusing confidence into the devastated foreigners. He spread the salvaged \$80,000 thinly. If asked for \$1,500, he'd offer \$500 and encourage the borrower to find the rest elsewhere.

Thousands of dollars of hoarded gold and silver flowed into the bank. A.P.'s optimism, his enthusiasm, his conviction of a great future for the city and his confidence in his customers was infectious. Poor immigrants who had feared and avoided banks all their lives were so inspired by Giannini that they concluded their money was safer in his bank than in refugee camps or temporary shelters. Six weeks

after the earthquake, deposits topped withdrawals at the Bank of Italy.

From this experience came one of A.P.'s most famous, and typical, statements.

"Aim to put yourself in a position to do something the other fellow can't do, particularly in an emergency. The glad hand is all right in the sunshine, but it's the helping hand on a dark day that folks remember to the end of time."

L'Italia, the city's Italian language newspaper published in temporary quarters across the bay in Oakland, lauded Giannini for the "thousand different ways his energy and initiative" helped North Beach in the ordeal.

North Beach thanked the Bank of

"Aim to put yourself in a

Italy by doubling its business before the end of 1906. The Board of Directors thanked A.P. by voting him a salary of \$200 a month, less than he had been paying out-of-pocket for the year and a half he was getting the bank started.

North Beach was the first section of San Francisco to rebuild. Giannini's grateful customers, their children and their children's children remained loyal to the bank for generations.

Giannini had effectively been retired for the preceding five years, but the experience of the quake and fire and the response of the people persuaded him, at the age of 34, to make banking his new lifelong career. At the time, he was worth about \$300,000, including Seven Oaks, the unpretentious home he had purchased for \$20,000 12 years earlier. Financially, the Gianninis were "comfortable," but A.P. chose to return to work seriously for other reasons. The fun. The challenge. The desire to serve his community. Probably all of the above.

A.P. planned to build the business by opening branches. He foresaw that units in small communities, backed by capital for the main office, could offer services that independent banks could not afford to provide. He opened the first branch in San Francisco's Mission District, but was thwarted from adding more, because in the early 1900s, California law regarding the legality of branch banking was ambiguous.

In 1908, the Bank of Italy opened a new headquarters building in the San Francisco Financial District, a nine-story marble monument. *The Coast Banker* described the

edifice as "Noteworthy, because...it was one of the first big structures to be erected after the fire. No banking room in the city will excel it in beauty...marble walls, Italian marble flooring, bronze doors...and a most elaborate ceiling...heavily laid in gold."

Unlike his peers, A.P. had his desk in an open area on the first floor, where anyone could approach him. At least 50 people a day would come up to talk business, or to report domestic news, such as engagements, births, and deaths.

A poor man who proudly told of a new baby would likely receive a five dollar gold piece from A.P. "For the little fellow," he would say, "and remember that a savings account can be started with a dollar." The happy papa, or grandpapa, would most likely take this advice.

In 1909, the bank was thriving, and Giannini's salary was doubled to \$400 a month. That year, the California legislature passed a new Banking Act, which made branch banking legal for institutions meeting certain capital requirements.

Angeles, a sick institution with assets less than \$2 million. At the time, only 400,000 people lived in Los Angeles.

Between 1916 and 1918, Bank of Italy opened in Santa Rosa, Oakland, Redwood City, Ventura and Napa, in California's wine country. Then followed the absorption of another Los Angeles bank with the patriotic name, The Bank of America. By the end of 1918, the Bank of Italy was the largest in the state, with 24 branches in 18 cities, and \$93 million in assets.

Giannini accomplished this growth under the increasingly anxious eyes of the state banking authorities, as well as his concerned competitors. He came to be feared as a potential monopolist and a threat to the independence of the banking system.

Eight years later, nevertheless, in 1926, the Bank of Italy had become the largest commercial bank outside New York, with 300 California offices and \$740 million in assets.

The bank's stock reflected its phenomenal expansion. The original \$100 price in 1904 reached \$1,500 a share in

position to do something the other fellow can't do, particularly in an emergency."

The Bank of Italy had capital of \$750,000, deposits of \$2 million and total assets of \$3 million. They qualified and were eager to get started. In October 1909, they made their first acquisition, the Bank of San Jose, which was in shaky condition. The Bank of Italy began a pattern of buying sick institutions and healing them, rather than opening start-ups.

In 1910, they acquired two banks in San Francisco, as well as the bank in A.P.'s home town, San Mateo, in 1912. The minutes of the stockholders' meeting of the Bank of San Mateo show that Giannini was involved as early as 1905. At this meeting, he was elected secretary, and his good friend "Giacamo" Fagan was chosen chairman.

Minnie Roedel, the widow of one of the bank's founders, was the largest shareholder, with 407 shares. Next in ownership was A.P., with 273 shares, followed by Fagan with 90. The other Board members were probably local business or professional men, the usual makeup of small community bank directors.

The minutes say, "A majority of the stock being represented," so with 816 present at the meeting, there could not have been more than another 815 shares outstanding.

This particular meeting may have been a definitive one, perhaps connected to the election of Fagan and Giannini. The unusual sentence, "All the acts and proceedings of the Board of Directors and all the receipts and disbursements made by said Board up to the present time, were approved, ratified and confirmed," suggests this. Covering up some past mistakes or indiscretions? Maybe.

In 1913, the year following the Bank of San Mateo acquisition, the Bank of Italy bought Park Bank in Los



The birthplace of the Bank of America, where Giannini opened the Bank of Italy in 1904.

1928. In 1930, the Bank of Italy and the Bank of America of California merged to become Bank of America National Trust and Savings Association.

New York, New York

A.P. had long sought a beachhead for a coast to coast bank. New York, the financial capital of the country, was the obvious objective. A.P.'s brother, "Doc," found a gem, the Bank of America of New York, a small but venerable Wall Street institution founded in 1812.

This acquisition ran into competition from other New York banks, but Giannini prevailed, aided by J.P. Morgan II. The House of Morgan, under the management of J.P.'s son, was still the most potent financial force in the country.

A San Francisco newspaper described Giannini's purchase of the Bank of America of New York as the opening move in "The most colossal financial plan ever projected. Giannini's three bases are now San Francisco, New York and Los Angeles. An invasion of London, Paris and Berlin appears to set the stage for the entrance of A.P. Giannini as the new colossus of the world of finance."

The stage was set, in fact, for the organized intervention of the federal government. The Giannini empire was now viewed as a violator of antitrust statutes. The Federal Reserve Board insisted that Giannini sell the bulk of the Bank of America stock to the public, so A.P.'s son, Mario, came up with the idea of creating a holding company, Transamerica, which would own the shares of all Giannini banks, plus a life insurance business.

This complex maneuver resulted in Transamerica owning 63 percent of the Bank of America. An exchange of 827,000 Bank of America shares for 552,000 shares of National City Bank made Transamerica the largest shareholder of National City, which eventually became Citicorp, the biggest bank of all. The Gianninis controlled and owned a large portion of this vast financial enterprise!

Much later, in 1958, the Federal Reserve charged Transamerica with anti-trust violations and finally forced the divestment of its bank holdings, which by that time operated throughout the West as First Interstate Bank (now part of Wells Fargo). Transamerica, of course, remains a major life insurance company.

The Next Generation

In 1936, Mario became president of the bank, which he managed with skill. In 1945, after the death of his wife, Clorinda, A.P. retired from the chairmanship. He continued to live in Seven Oaks, the large but simple house in San Mateo he purchased 53 years earlier.

Amadeo Giannini died on June 3, 1949, at the age of 79. At the time, the Bank of America was the largest bank in the country, with 525 branches in California, and holding 60 percent of California savings. Its assets amounted to more

than \$6 billion. There were nearly 14,000 employees, 1,000 of whom had worked for the Giannini family for more than 20 years.

A.P. Giannini brought innovations to banking that are commonplace today, yet were novel in his time. Lending on automobiles, making unsecured loans to help consumers buy appliances, and making loans to farmers, returning servicemen, and home buyers were among his innovations. In these ways, he brought banking into the lives of ordinary citizens.

A Disdain for Wealth

A.P.'s will astounded everyone. He left an estate of \$489,278, not the tens of millions the world expected. Not that a half million dollars was not significant in 1949 (or now), but this was an incredibly small figure, considering his earning power and ownership.

Taking inflation into account, his estate was less than he was worth when he started the Bank of Italy in 1904. This disdain for amassing great wealth was a remarkable aspect of Giannini's personality.

"Too much money spoils people. It always has, it always will," he said. He clearly could have been as rich as any of the Robber Barons who preceded him. His employment contract for many years provided for payments of five percent of the annual profits. This meant earnings of nearly \$2 million in some years.

Giannini took frequent trips to Europe, but that was his only indulgence. Therefore, A.P. must have given money away as fast as it came in.

His daughter, Claire, was not quite as enthusiastic about the far-reaching extent of A.P.'s philanthropy. "Mother and I could have used some of the money," she said. But A.P. often told her, "Money controls you. You don't control it." Claire admitted that over time, "I learned his humility."

A.P.'s son, Mario, imitated his father in his refusal to build a great fortune. When he died, only three years after A.P., his estate was also under half a million dollars.

The Driving Force

Since it wasn't money, what drove A.P. Giannini? The excitement of business? The challenge? A love of power? Desire to serve "the little fellow," beginning with the Italian immigrants he identified with? Perhaps all of the above.

In 1945, four years before his death, A.P. created "The Bank of America—Giannini Foundation," when, in his words, "I felt myself in danger of becoming a millionaire." He donated half his personal fortune, then \$509,235, to the foundation, whose mission was to provide educational scholarships for employees of the Bank of America and to promote medical research.

(continued on page 36)



The Black Gold of Texas



By Robert Camp

"...SWIMMING POOLS, MOVIE STARS..."

This rather prophetic reference to oil money from the 1960s television series the "Beverly Hillbillies" says it all. Still in syndication, even the youngest viewer can revel in watching the rags-to-riches antics of a relocated Appalachian family in movieland without recognizing its true reality. J.D. Clampitt, a probable reference to John D. Rockefeller, discovers oil and becomes a millionaire. The previously unskilled, uneducated and unsophisticated mountain man is now the toast of society.

This seemingly improbable stroke of luck became a reality for many Americans as oil discoveries reached their zenith in the early 20TH century.

Oil's beginnings in Pennsylvania, West Virginia, Ohio, Kentucky and Virginia can be traced to Native Americans who used surface-ooze crude oil as a medical elixir for centuries. Spanish explorers, in 16TH century Texas, used a black, sticky substance to waterproof boots. While known to burn when ignited, oil was still a byproduct encountered by people drilling for saltwater to be used in salt production.

By 1850, Samuel M. Kier of Tarentum, Pennsylvania, was marketing eight-ounce bottles of "Rock-Oil" all over the United States as a good patent-medicine for liver ailments and consumption—three tablespoons, three times daily.

America's first oil company was founded in 1855, when the Pennsylvania Rock-Oil Company of New York realized the substance had a brighter future as a lubricant and a possible coal substitute.



In 1858, the Rock-Oil Company became Seneca Oil Company and "hit pay" in 1859. America's petroleum industry was launched.

Early Texas oil can best be defined in the years 1866–1930. By the 1930s, the Texas Railroad Commission was established to regulate the industry, and the era of blue sky, anything goes, was effectively over. There was little room for wildcatters as larger independent and major oil companies were firmly in control.

Even though Texas would eventually become a monolith of oil production, its beginnings were shaky at best. As white men settled in Texas prior to the Civil War, discoveries of surface oil were made and used for medical purposes, as in the Northeast. Little is documented about exploration during the Civil War, but by 1865, John F. Cotton and William Hart claimed 160 acres surrounding a tar well in the Big Thicket, an area just north of Houston. They drilled a 100 foot well, but abandoned it when they found no oil. Limitations in oil technology did not permit them to dig deeper.

Finally, the first producing well in Texas was drilled in 1866 at Oil Springs, located 12 miles east of Nacodoches and 150 miles north of Houston. Even though three decades would pass with little activity, the stage was set.

For all practical purposes, the oil industry began in Corsicana, Texas in the 1890s. Located 50 miles south of Dallas, the discovery was almost accidental. Agricultural prices were down, so the town decided to drill artesian wells to attract new industry with a new water source. At 1,000 feet, the

well hit oil. They hit water at 2,470 feet, but the pesky oil kept creeping in. The Corsicana Oil Development Company was formed, and several Pennsylvania wildcatters began drilling. Soon, the eastern part of town looked like a forest of 85-foot oil derricks.

An interesting sidebar to Texas oil drilling was the practice of drilling wells as close together as possible, and old photos of oil derrick forests bear this out. Oil fields developed according to the rule of capture. In English common law, wild animals were not considered the property of any landowner, but were subject to the rule of capture, meaning whoever caught the animal was the owner. This concept transferred to migratory minerals, and the oil belonged to anyone whose property it lay under. Drillers placed rigs close together, reasoning that if they did not get the oil today, tomorrow it might drain into a pool beneath the neighbor's lot.

This practice proved ridiculous in time, but it lasted into the 1930s.

Early Texas wildcatters cut their teeth in the Corsicana fields, and by 1900, many were in the Beaumont area (Houston and north), where salt domes were thought to contain vast amounts of oil. The famous Spindletop well was about to change the world.

This Beaumont well hit pay in January 1901. Not only did oil reach the surface, but under extreme pressure from associated natural gas, it erupted into a black plume of oil which doubled the height of the derrick. In its first 90 days, the well produced 800,000 barrels of oil, a new world record and the first recorded "gusher." The Ira O. Wyse Beaumont Oil Company stock of 1902 is a very popular early issue for collectors.

Early wildcatters on the scene included William S. Farish of Mississippi and Robert L. Blaffer of New Orleans, two of the first officers of the Humble Oil and Refining Company (Standard Oil/Exxon Corporation). The central part of the state produced

so many companies that it is impossible to list all of the stocks that resulted. It is important to note that the Corsicana Oil Development Company and the Gladys City Oil, Gas and Manufacturing Company (started by Spindletop owner Anthony F. Lucas) were two of the earliest in the state.

The next discovery came in northern Texas, on the Oklahoma border known as the Red River Uplift. These

fields included the towns of Petrolia, Electra, Iowa Park, Wichita Falls and Burkburnett. This area hit pay in 1911, when the Electra field became a major producer.

Stock certificates associated with any of these towns are dated into the mid-1920s and perhaps beyond. They are also some of the earliest in Texas oil history.

The town of Burkburnett, probably



Black Land This scarce stock, issued in 1915, was the closest that oil development got to the state capital in Austin. Black Land's charter was forfeited on July 2, 1916 for non-payment of taxes.

Moran Oil Development The Moran Oil Development Company of Haskell, Texas was indicative of those northwestern oil companies hoping to cash in on the Red River Uplift discoveries. Its charter was, however, forfeited on July 2, 1916 after one year in existence.



Powell Lease The Powell Lease Syndicate is thought to have become the Powell Petroleum Company and issued stock in Tarrant and Navarro counties. Within a couple of years, it was no longer in existence. The vignette, however, is what early Texas oil fields looked like. While dated 1924, this is a much earlier GOES certificate. This style was updated and all information preprinted at about the time this was issued.

Pandora Oil Little is known about the Pandora Oil Company, except that the 1923 issue was an early attempt at opening the South Texas oil regions south of San Antonio. The very low issue number makes it desirable. Also, this GOES 250 is an updated version. The GOES 249 is similar, but the preprinted assignment wording is different.

the largest and richest field in this region, was the consummate oil boom town. Derricks were stacked side-by-side as far as one could see, and the streets were paved with gold, both black and yellow. Hollywood was so impressed that it filmed "Boom Town" there in 1940, starring Hedy Lamarr, Claudette Colbert, Spencer Tracy and Clark Gable.

The closest oil got to the state capi-

tal of Austin, however, was about 35 miles to the northeast in Taylor, where the first of 100 gushers blew in on February 22, 1915. Wildcatters and such dignitaries as Alf Landon, Harry J. Sinclair (Sinclair Oil) and J.L. Lattimer (Magnolia/Mobil Oil) descended on the tiny town for a piece of the action.

The Black Land Oil Company of Taylor, which issued stock within three months of the Taylor discovery, is

indicative of how most early Texas oil stocks came to be. The company was incorporated under the laws of Texas, issued stock in May 1915, and had its charter forfeited on July 2, 1916 for not paying taxes. Little else is known. Several relatives of a founding officer were contacted and had never heard of the company, and city records contain no information on it. Still, owning one of these very scarce stocks is particularly gratifying.

Beginning in 1915, the entire state of Texas was being explored for any evidence of petroleum. Fortunes were made and lost by those brave enough to try their hand at becoming oil tycoons. The extreme southern reaches of the state were exploited in the 1930s and later by such giants as Humble, Mobil, Texaco and Sun Oil, to name a few.

Author's Note

While many books and articles have been written on early Texas oil, it still takes a lot of detective work to determine the history of many obscure companies that came and went almost overnight. A search through the Marvin Scudder Manual of Obsolete Securities and the Robert D. Fisher Manual of Valuable and Worthless Securities (R.M. Smythe & Co., Inc.) will be a rewarding experience. At the very least, it lists those companies that have issued stocks, the dates, and when they ceased to exist. Most large libraries have it on microfilm.

To this author, Texas stock to 1930 is very well worth having in a collection. Many are harder to come by than it might seem, and finding the history is even harder. But then, that is what collecting is all about. Happy hunting! **EH**

Robert Camp, a collector of early Texas scripophily, holds a B.A. in journalism from Texas A&I University in Kingsville. His father, an Exxon annuitant, worked for Humble Oil & Refining Company from 1927-1967.

John D. Rockefeller—A Photographic History

By Kristin Richard and Keith E. Rolfe
Photographs courtesy of the Rockefeller Archive Center

When John D. Rockefeller (1839–1937) passed away, America lost the foremost icon of late-19th and early-20th century capitalism, a man whose last name was so infused into American culture that it even appeared in upscale appetizers like “Oysters Rockefeller.”

Rockefeller lived to be 97, and during his long life witnessed numerous historical events of significance, not to mention all of the events he participated in himself. To commemorate his passing, *The Progressive Labor World* (May 29, 1937) printed a political cartoon, a medley of drawings of industrial creations from the telegraph to the telephone, giving a perspective about how many things evolved and came to pass during his lifetime. A list appears in the lower right corner of the cartoon, noting events like “The Civil War” and inventions such as “The Submarine,” but the most telling line is the last one, which reads “Etc. Etc.” What surrounded Rockefeller, as countless and important as the events were, tells only a part of his story, for John D.’s life was filled with endless toil, much controversy, and of course, massive business success.

William Avery Rockefeller

John D.’s father, William Avery “Doc” Rockefeller (1810–1906), a man with “calculating eyes” as well as a “ready laugh and a quick wit,” expended considerable energy throughout his lifetime on schemes to avoid hard work. He also traveled so much during John D.’s childhood that his family was often unsure when, and if, he would return.

William met his future wife (and John D.’s mother), Eliza Davison (1813–1889), 30 miles northwest of his home in Richford, New York, where he was posing as a deaf-mute peddler. He made the majority of his money as a self-proclaimed “Celebrated Cancer Specialist,” charging each patient \$25, the equivalent of about two month’s pay.

Against the advice of her father, Eliza married William in 1837. The Rockefellers were considered poor country folk in comparison to the Davisons, and the marriage, as Eliza’s father expected, was an unhappy one for her. William often abandoned his wife to live the life of a wandering peddler and philanderer. On June 12, 1855, “Doc” married Margaret Allen, who was about 25 years his junior (just four years older than John D.), while still legally bound to Eliza, and maintained a dual life for the rest of his days.

When William did return from the scam of the moment, he appeared without notice riding new horses, wearing fine clothes, and flaunting a wad of large bills, which he then used to pay off the family’s debts at the local store.



John's Father, William Avery Rockefeller

Eliza Davison Rockefeller

A Richford native once commented that Eliza Davison Rockefeller was “a most excellent woman, but one who bore too heavy a burden...to look after her children [properly].” Indeed, her husband’s extended, as well as frequent, absences took their toll on her. One of the family’s Richford neighbors also said of John D. and his siblings, “I do not remember ever to have seen more pitifully neglected children. Their clothing was old and tattered, and they looked dirty and hungry.”

Despite the troubles that William’s lifestyle and personality created, Eliza remained loyal to him and carried herself with considerable dignity. Caring for the children and shielding them from the gossip spread about them, mostly as a result of their father’s behavior, was a responsibility she took on with resolve. She created a home environment that stressed her Baptist faith, and maxims, such as “Willful waste makes woeful want,” were ingrained in her children, certainly influencing John D. in his formative years. Eliza’s resilience, her ability to press forward and deal with frequent inconveniences and disappointments, probably contributed to the development of John D.’s stoic personality and his sincere respect for women, something lost on most of the Gilded Age businessmen.

The Young John D.

Most early photos of John D. captured a grave, expressionless boy, who usually seemed lost in thought. He never stood out in school, where he was a slow learner, though patient and persistent. “I was not an easy student,” Rockefeller said, “and I had to apply myself diligently to prepare my lessons.” He described himself as “reliable,” but not “brilliant.” Yet he exhibited a gift for business when he bought candy by the pound, divided it into small portions, and then sold it at a profit to his siblings.

On September 26, 1855, a day that Rockefeller would celebrate as “Job Day,” an event more important than his birthday, Hewitt and Tuttle, commission merchants, hired him as a bookkeeping apprentice at the rate of 50¢ a day. Rockefeller worked long hours, arriving at about 6:30 A.M., and not leaving until late at night. By 1857, Hewitt and Tuttle promoted the thrifty and punctual young man to chief bookkeeper.

Outside of conversations at work, church was the only social life he allowed himself. At age 19, Rockefeller became a deacon at the Erie Street Baptist Church. Business and religion, the two activities that formed the cornerstone of his personality, were from the beginning the center of his life.

Disciplined, Rockefeller worked without fanfare, but did not allow his presence to go unappreciated. After Hewitt and Tuttle refused to grant him a \$200 raise (from \$600 to \$800 a year), he partnered with Maurice Clark, borrowed \$1,000 from his father (at 10 percent interest), and the pair opened a commission merchant business that, in its first year, netted \$4,400.



John’s mother, Eliza Davison Rockefeller

The five children of William and Eliza Rockefeller



*Seated: John (20), Mary Ann (16), and William (18)
Standing: Lucy (21), and Frank (14)*



An early Rockefeller business sign



John D. Rockefeller, 1884

Cettie Spelman Rockefeller

Laura Celestia Spelman (1839–1915), “Cettie,” met John D. Rockefeller in high school, where she was one of the few girls taking commercial courses to learn about business. Although not rich, Cettie came from a respectable, well-off family. There was a considerable class gap between the Spelmans and the Rockefellers, no doubt a factor in the lengthy span between their meeting in 1854 and their eventual marriage nine years later.

John D. and Cettie had much in common, especially when it came to their religious beliefs and their mutual indifference toward developing a fancy social life. Cettie, as her husband, deeply loved music, but John D. never had or gained her appreciation for literature and poetry.

The couple married on September 8, 1864, after a six-month engagement, and they moved into a modest home without servants six months later. Together, they had five children: Elizabeth or “Bessie” (1866–1906), Alice (1869–1870), Alta (1871–1962), Edith (1872–1932), and John D., Jr. (1874–1960).

Cettie was in poor health for the last several years of her life, and she was confined to a wheelchair in 1909. Still, John D. took excellent care of her. He was known to excuse himself from dinner parties in their home, tiptoe up to their bedroom with a flower, and relay tidbits of the dinner conversation to her.

The Family Man

Unlike William Rockefeller, John D. had a consistent, however distanced, influence on his children’s development, rigidly structuring their lives much like his own. He appointed Cettie as the “general manager” of their home and required that the children perform chores to earn spending money. They made two cents for killing flies and the same amount for not eating candy, and Rockefeller expected them to note each gain and payment in their own “Ledger A.”

He also kept his vast earnings a secret from his kids. Knowledge of their father’s success, he thought, would cause them to be indulgent, rather than frugal and industrious.

Rockefeller at times shed his stern demeanor and allowed his playful nature to come out, teaching the children how to swim, row, skate, and ride horses.

Rockefeller’s Early Business Years

Rockefeller built his first oil refinery in Cleveland in 1863. Two years later, at age 26, he and Sam Andrews opened Standard Works, making Rockefeller the largest oil refiner in Cleveland. He recruited his brother, William, as a partner in 1865, and Henry Morrison Flagler was then added as a partner in 1867.

Rockefeller was often bogged down by stress in his early years, especially because oil vapors sometimes caused fires. Even though signs at refineries warned “Smokers Will Be Shot,” the perpetual threat of a blaze led to many sleepless

nights for those in the industry. "I was always ready, night and day, for a fire alarm from the direction of our works," Rockefeller said. "So we kept ourselves like the firemen, with their horses and hose carts always ready for immediate action." This fear slowly dwindled as years passed, and Rockefeller turned his worries to other issues, such as whether or not the Pennsylvania oil wells would dry up.

On January 10, 1870 Rockefeller founded the Standard Oil Company of Ohio, serving as president. Twelve years later, he formed the first trust in America, the Standard Oil Trust, with a nine member Board overseeing 40 Standard Oil subsidiaries.

By 1879, at age 40, John D. Rockefeller was one of America's 20 richest men with his Standard Oil stock alone worth \$18 million (\$265 million in 1996 dollars). At age 50, newspapers placed his net worth at \$150 million, though Rockefeller, claiming that the estimate was too high, reduced it to about \$40 to \$60 million.

In this picture (opposite page), taken in 1884, Rockefeller appears staid and composed, a perfect example of his poker face. Other coeval photos find him in a jovial mood, with softness in his eyes, and a less sober look on his face.

Sharing the Wealth

In 1881, Harriet E. Giles and Sophia B. Packard opened the Atlanta Baptist Female Seminary after touring the South and discovering that few educational opportunities were available to black women in Georgia. Working in a church basement on a small budget, and teaching "classes that were tightly wedged in a dusty area formerly used for coal storage," the two women sought out funding sources to improve the school's facilities.

They approached the Rockefellers, and their appeal fell on neither deaf ears nor cold hearts. The Spelman family, particularly Cettie's father Harvey, who had recently passed away, was committed to abolition and black causes, as were many other Baptists at the time. After listening to Giles's and Packard's pleas for help, Rockefeller instantly pledged \$250 and promised more, provided that they "stick" to their initial plan.

When the lease on the school's new property (nine acres and five buildings in Atlanta, Georgia) came due in late-1883, Rockefeller pledged an additional \$5,000, yet modestly declined to name the school after himself and gave the honor to his wife's family instead, thus the name Spelman College. In his typical way, never wanting to encourage apathy, Rockefeller refused to endow the school with enough money to support it solely for a long time.

I Love New York

During and after John D.'s life, the Rockefeller family endowed a number of medical (Rockefeller Institute, which became Rockefeller University), educational (The University of Chicago), as well as cultural centers (Lincoln Center, Asia



Sophia B. Packard and Harriet E. Giles



Christmas with the grandchildren



The Rockefeller University



Sunday at Ormond Beach in front of the church



John handing out dimes

Society, the Museum of Modern Art, and International House), many of which are located in New York.

Although Rockefeller lived for a while in Cleveland, Ohio, many bitter battles with local and state officials eventually led to his falling out with the city. Rockefeller even declared that New York City was the better for Cleveland's unfair treatment of him. As Cettie became increasingly ill and close to death, she decided to remain in Cleveland, fearful that it would be the last time she stayed in the home where her children grew up. Because her departure was postponed beyond February 3, 1914, the tax deadline, the Cuyahoga County tax office charged Rockefeller \$1.5 million. (He had been a legal, tax-paying resident of New York City since the 1880s.) Rockefeller, of course, protested. Governor James Cox, in response to Rockefeller's refusal, remained steadfast that he must pay and even threatened to subpoena him if he crossed the state line before settling the debt.

More Trouble

After President McKinley's assassination in 1901, public opinion forced Teddy Roosevelt, who replaced McKinley, to take action against the trusts. Knowing the immense power of these conglomerates, as a whole or pared down, Roosevelt thought that potential legislation to stop them would be "as effective as a papal bull against a comet."

By 1907, six states nevertheless went after Standard Oil, most notably Standard Oil of Indiana, which was indicted under the Elkins Act (1903) for taking bribes from the Chicago and Alton Railroad. In August 1907, Judge Landis of Chicago (where the trial was held) fined Standard Oil \$29.24 million, only to have the decision overturned.

The U.S. Department of Justice also filed seven suits of its own. And in May 1911, Chief Justice White of the Supreme Court broke the Standard Oil Trust into 39 separate companies.

The trust issue itself led to a wealth of bad publicity for Rockefeller. One political cartoon, entitled "A Hazardous Business" from the *World* (New York City), depicts Rockefeller cautiously tiptoeing across a tightrope that says "Anti-Trust Law," pushing a wheelbarrow with a money bag holding \$400 million, and carrying a golf bag on his back. Another one shows him hitting a golf ball out of a deep \$29 million sand trap.

These cartoons suggest that Rockefeller continued to defy the law, but somehow narrowly evaded prosecution. Even more important, they convey the opinions of common Americans who were growing increasingly skeptical of the oil mogul and his business practices.

So, in response to poor publicity surrounding the strike at the Rockefeller-controlled Colorado Fuel & Iron, Rockefeller and his son hired Ivy Lee in 1914 as their public relations manager to clean up their image. In fact, it was Lee who thought of giving out dimes to the public, and he made sure that only positive pictures, like those of him playing golf, were released to the public.

After Standard Oil

When Rockefeller retired from Standard Oil, he thought he had realized his destiny. There was little else for him to accomplish in business, but a great deal in philanthropy.

Black-and-white, silent films of John D. late in life find him jovial, gentle-mannered, happy to impart a dime to a young child. In his thrifty way, he always told the recipient, "A dime for the bank, a penny to spend." A scene even shows him swinging one leg over a young boy, a sprightly move for a man in his 90s. He also displayed a sense of humor at times. While getting a massage, he commented, "All the oil in the country, they say, and not enough to oil my joints."

Even in retirement, Rockefeller scheduled his life and remained businesslike. He woke at 6:30 A.M., read the paper from 7:00 to 8:00 A.M., attended to business affairs from 8:45–10:00 A.M. (stock trading and sundry matters), and between 10:00 A.M. and noon played nine holes of golf. The remaining hours were divided among listening to music (a passion held since his youth), playing Numerica (a competitive form of Solitaire), and reading the Bible.

His interest in trading stocks, a habit he pursued privately, was "a form of shadow boxing," as Collier and Horowitz creatively put it "that reminded him of the great fights of the old days." It kept Rockefeller in the ring at a time in his life when his only opponent was himself.

Throughout his life, despite his extraordinary success, Rockefeller remained the same person, in habit, personality, and faith, as the young man who started as a bookkeeping apprentice. Money may have been his passion but certainly not the backbone of his self-image.

When he first started working for Hewitt and Tuttle, he invariably tithed 10 percent of his paycheck. Success never changed the percentage he gave, only the amount. In 1892, Rockefeller donated \$1.5 million to churches and church-related causes, a testament not only to his faith but also his vast net worth. In all, John D. Rockefeller gave away \$530 million.

A pious assumption on Rockefeller's part, however, explained the reason for his success: "God gave me the money," he proclaimed in 1905. "I believe that the power to make money is a gift from God." And he concluded that his earnings should be used for "the good of my fellow man...according to my conscience." Rockefeller's beliefs about divine intervention, and his notion that personal wealth should be used for the betterment of society, explains why he aided so many causes, yet could never clarify the connection between wealth and grace. **PH**

Kristin Richard is the editor of Financial History and the communications Manager of the Museum.

Keith Rolfe will be a graduate student in history at Villanova University this fall.

(continued on page 38)



John D. reading from his bible for a crowd



John relaxing at Kykuit

The New Jersey Pinelands Iron Plantations

Company-issued Script as an Alternative to U.S. Tender

By Russell Roberts

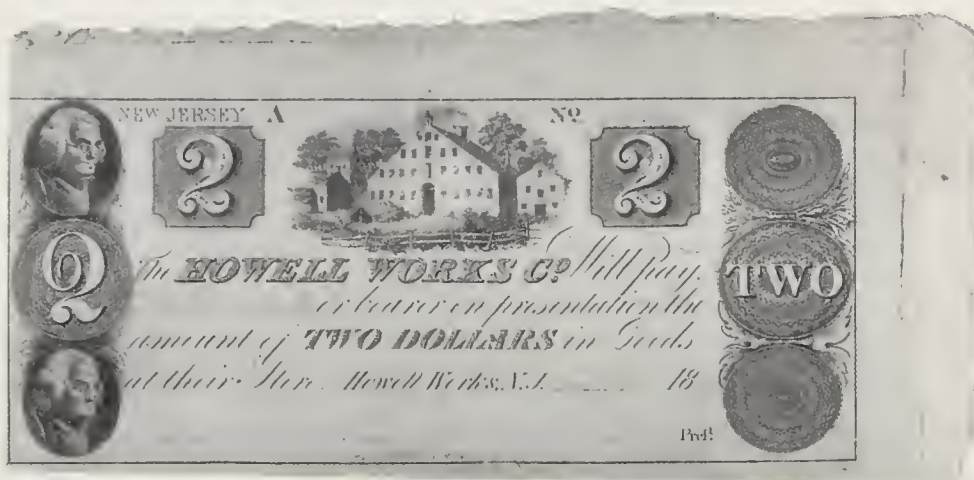
IT IS SAID that the New Jersey Pinelands are a paradox.

The word fits. After all, what else is a huge, sparsely-populated forest in the midst of the most densely populated state in the Union but a colossal contradiction?

built on a unique Pineland substance known as “bog iron.” And from within these woods, the bog iron empire built towns, contributed to war efforts, and helped forge a nation.

produce temperatures hot enough to melt the bog iron ore (approximately 2700–3100 degrees Fahrenheit). Ore, charcoal and sea shells for flux were dumped into the top of the furnace in layers, and cold air kept the molten mass in a state of agitation. Due to the chemical reaction and the effect of the flux, the iron separated and sank to the bottom, while the slag floated to the top. Both materials were then drawn off.

The more than two dozen Pinelands iron towns produced a variety of products for the young and growing American nation: cannon balls that helped Colonial troops defeat Great Britain, Stephen Decatur conquer the Barbary Pirates, and the United States beat England in the War of 1812; firebacks for George Washington’s fireplace; the cylinder for John Fitch’s steamboat engine; the fence surrounding Independence Hall; and more common items, such as stoves, shovels and water pipes for towns, such as Philadelphia.



Company-issued script from the Howell Works Co., 1837. From the collection of the Monmouth County Historical Association Library & Archives.

But there’s more to this incongruity. Deep within this sprawling wilderness, a mighty industrial empire once existed. It was an empire so inbred and isolated that it sometimes issued its own script to pay workers when government-issued currency was scarce.

The Pinelands

The Pinelands cover more than one-fifth of New Jersey, approximately 2,250 square miles (1.4 million acres) — larger than Rhode Island. A gigantic fresh water aquifer equivalent to a 37-foot-deep, 2000-square mile lake lies beneath it. Within the Pinelands are pine and oak forests, tea-colored streams and rivers, farms, small towns, and dirt roads that lead to nowhere.

From the mid-18th to mid-19th centuries, there existed an empire,

Bog Iron

Long before the discovery of ore in Pennsylvania, the New Jersey Pinelands was the center of the American bog iron industry. Bog iron forms when decaying vegetable matter interacts with iron salts in the stream beds of the Pinelands. Upon contact with air, this material oxidizes, forming a brown-blue patch on the surface of the water. When it mixes with the mud of the riverbanks, the material hardens and forms thick, rocky deposits called bog iron. Men, in large ore boats, harvested these deposits and later transported them to the furnace.

The furnace, resembling a truncated giant pyramid, was the heart and soul of every iron town. Charcoal fueled the furnace, since it was the only ingredient that, when supplied with a draft, could

Town-Issued Script

Life in the iron towns consisted of unrelenting toil. The furnace burned 24 hours a day, seven days a week. In the spring when the streams thawed, workers ignited the furnace so water could power the machinery. They didn’t stop until the following winter, when the streams froze. Whatever the workers did, the white-hot heat of the furnace was their constant companion.

Because of the isolation of the iron towns within the Pinelands, each was forced to become virtually self-sufficient. Besides the workers’ homes, each community typically contained a

company store, which was the town hub, as well as a church and a school.

Unfortunately, the bog iron industry was not very profitable. The low efficiency of the furnaces meant that profit margins were frequently razor-thin. While some towns had long stretches of prosperity, others lurched from one financial crisis to another.

A shortage of metallic currency early in the 19th century exacerbated the monetary situation in the Pinelands. To fill the void, so-called “wildcat” banks, associations, and even the iron towns themselves issued paper currency. Workers were sometimes paid in company-issued script that could only be used at the company-sponsored store, or at best, a nearby tavern.

All of these alternatives to U.S. tender were debilitating to the iron work-

ers’ financial worth. Money issued by “wildcat” banks was often not accepted by other financial institutions. As for company script, it basically froze the workers into their current situation. A man whose pockets were filled with Batsto-issued script was unable to move his family to another iron town (or anywhere) where there might be more opportunities, because his script was useless there, and his purchasing power nil.

Thus, in one of the most important early American industries, numerous insular economies arose that were totally divorced from the mainstream. Although some ironmasters were wealthy men, many workers were caught in a debt/repayment cycle to the company store that the use of company script made only worse.

However, the use of script was no “evil plot” by the ironmasters to forever tie their employees to the company. Most employers were genuinely concerned about their workers, and many developed a “lord of the manor” relationship with them similar to that of Southern plantation owners (thus leading to the iron towns sometimes being called “iron plantations”). At Batsto, for instance, workers knew they could always appeal to the “big house” (home of the ironmaster) for medical aid, legal or political counsel, and even spiritual comfort. Workers were not gouged at the company store, either. Script was just a convenience that iron towns employed, although they certainly knew that workers didn’t have any choice but to accept it.

Because of the scarcity of records from this era, it is unknown how widespread was the use of company-issued script. It was certainly used at Batsto and the Howell Works (later named Allaire), two of the biggest Pinelands iron towns. In addition, company currency was used at the Bergen Iron Works (now Brick Township, in central New Jersey) from the late 1830s to the early 1840s. It has also been reported that “wildcat” currency was used at Weymouth Furnace in southern New Jersey.

Eventually, the bog iron industry was destroyed by the discovery of high grade anthracite coal and iron ore in western Pennsylvania. It was easier to extract iron from this ore than bog iron, and coal was more efficient than charcoal as a fuel. One by one, the furnaces went out in the Pinelands. The towns were abandoned, and were eventually covered by the relentless forest.

By the late 1860s, what had been a principal American industry was extinct. **FH**

Russell Roberts is a full-time freelance writer whose work has appeared in more than 150 national and regional publications. He is also the author of seven non-fiction books, and he resides in Bordentown, New Jersey.



New Jersey Pinelands Facts

SIZE

- Pinelands National Reserve includes approximately 1.1 million acres and encompasses portions of seven counties and all or part of 56 municipalities
- Pinelands Area (state) includes approximately 927,000 acres which encompasses portions of seven counties and all or part of 53 municipalities

OWNERSHIP

- Almost 40 percent in public ownership
- Approximately 308,000 acres in state ownership (as of January 1, 1989)
- Approximately 90,000 acres in federal ownership (Fort Dix, McGuire, Lakehurst, NAFEC and wildlife refuges of Forsythe and Cape May)

POPULATION AND ECONOMY

- 700,000 year-round residents live in the 53 Pinelands Area municipalities
- Density ranges from 10 to 40,000 persons per square mile
- Major activities include farming (blueberry, cranberry and other types of agriculture), recreation, resource extraction (sand and gravel), shellfishing, public service (government), and construction on the periphery.

LITTLE KNOWN FACTS ABOUT THE PINELANDS

- Lies above a 17 trillion gallon aquifer, enough pure water to cover New Jersey 10 feet deep
- Is home to 54 plant and 39 animal species threatened with extinction in New Jersey
- Contains the Pine Plains, most extensive pigmy forest of its type in the country
- Has over 1,000 known prehistoric sites which show that man lived here as early as 10,000 BC
- Supported an early bog-iron industry which supplied cannon and shot to Washington's army during the Revolutionary War

Information from www.burlco.lib.nj.us/pineland/factsht/htm

History of the North American Land Company

By Earl Moore

ROBERT MORRIS WAS BORN in England in 1734, the son of a Liverpool man who eventually set himself up as a tobacco factor at Oxford on the Eastern shore of Maryland. Robert joined his father in the United States when he was about 13 years old, went to school in Philadelphia and later became an apprentice in the counting house of Charles Willing.

Following the death of Charles Willing, his son Thomas made Robert a junior partner in the import and export firm of Willing & Morris. Morris had inherited 2,500 pounds in Maryland currency from his father that he used in private ventures on the firm's ships, and he soon became involved in many public affairs. His heroic efforts in funding the Revolutionary War earned him the title "Financier of the Revolution."

Morris, together with Comptroller General of Pennsylvania John Nicholson and U.S. Consul at New York James Greenleaf, established the North American Land Company in February 1795 in Philadelphia. Greenleaf was previously Consul at Amsterdam, where he was useful in arranging Dutch loans for the company by marrying the daughter of a Dutch banker.

The North American Land Company allocated a total of 30,000 shares, each share good for 200 acres, amounting to 6,000,000 acres of land in Pennsylvania, Virginia, Kentucky, North Carolina, South Carolina and Georgia. Land was selected for good quality of soil, advantageous position and certainty of title. The titles were vested, in trust, to Thomas Willing, president of the Bank of the United States; John Nixon, president of the Bank of North America; and John

Barclay, president of the Bank of Pennsylvania.

A Board of Managers, consisting of Robert Morris, Joseph Ball, Thomas Fitzsimmons, John Vaughan and John Nicholson were to conduct the business and affairs of the company. The Board had broad powers to open roads, establish towns, and to make improvements therein. Robert Morris signed each share, as president, and James Marshall, as secretary. Marshall was his son-in-law and the brother of John Marshall, the first Chief Justice of the U.S. Supreme Court.

Initially, 7,455 shares were authorized to Robert Morris, 7,455 shares

tions were called deed polls, on legal size laid paper, and were obviously original office records. After the company was incorporated, Nicholson conveyed these properties, for a consideration of the sum of one dollar, to Thomas Willing, John Nixon and John Barclay for the shareholders of the North American Land Company. The application forms were endorsed on the verso, unsigned and dated February 20, 1795.

On January 29, 1794, Governor Thomas Mifflin signed a document that the State had applied for and paid into the Office of the Receiver-General at the Land Office, the whole purchase money for 900 acres of land within the last purchase made of the Indians.¹ On June 12, 1794, he granted land in Northhampton County to John Nicholson. In March 1795, 500,000 acres of land in Virginia owned by the Gallatin families, Robert Morris, Savory de Valcoulon, and others was transferred to Thomas

"...however my integrity in this transaction may have unsuccessful to those concerned, they would be dishaving betrayed them into an improper confidence."

to John Nicholson, and 6,455 shares to James Greenleaf, who was also issued a series of 10 shares amounting to 1,000. Each share had a par value of half a dollar and offered a return of six percent annual dividend, which was too optimistic. This venture attracted many American and European investors, including William Temple Franklin.

Prior to incorporation, John Nicholson was buying applications to the Land Office of Pennsylvania from soldiers and speculators who were to pay five shillings, specie, for a grant of a tract of land, subject to purchase money, fees and taxes already due, or to become due therein. These applica-

Willing, John Nixon and John Barclay for five shillings!

A deed poll dated September 20, 1794 conveyed 10,530 square feet of ground in the City of Washington to Peter Godefrey, Rutger Jan Schimmelpennick, and Robert Crommelin from James Greenleaf of New York City, along with a statement that the deed was received from Greenleaf by D. Ludlow & Company at New York, to be held by them on order from Messrs. Danill Cromelin & Sons at Amsterdam.

The crowning jewel of this venture was centered on the land owned at the City of Washington. At Philadelphia, President George Washington pre-

With the First Congress adjourned in March 1791, the city and district had no name. The commissioners, appointed by President Washington, decided to name the city "Washington" in his honor, in the "District of Columbia." President John Adams signed an Act of the fifth Congress on April 13, 1798 entitled "Authorizing a loan for the use of Washington in the District of Columbia and for other purposes." The loan to the city commissioners was \$50,000 for the year of 1798 and \$50,000 to be advanced for 1799, with a rate of six percent interest, for lots in the City of Washington vested in the commissioners or trustees, remaining unsold, except

en, that should it prove
sed to blame me for

The North American Land Company controlled 7,000 acres of land, where it built almost one-third of the structures still standing at the time when the new federal city was established.

James Greenleaf apparently created many problems. On January 23, 1797, John Nicholson printed a broadside advising the public to beware of a proposed sale by Greenleaf at the Coffee House in Philadelphia of 2,666 shares of the North American Land Company and several lots or squares of ground in the City of Washington. Nicholson claimed that this was not

AN advertisement having appeared, signed George Simpson, assignee of James Greenleaf, for the sale of several lots or squares of ground in this City and also 2666 shares in the North American Land company, at the Coffee House in Philadelphia the 30th instant.

Against purchasing the same or any part thereof as they are a part of my property which said Greenleaf improperly holds and to which he cannot make a legal title to the purchaser.

Washington, January 23d, 1797.

Advertisement warning the public against purchasing shares in the North American Land Company from James Greenleaf.

whereas application hath been made by me, *John Mendenhall* of the County of *Allegheny* in the State of *Pennsylvania* to the Land-Office of Pennsylvania, for a grant of a tract of land, containing *one hundred and thirty five* Acres, *thirty* Chopping Lands, of *fresh* *Swamp* *land* in the County of *Allegheny* and District of the County of *Allegheny*

In Pursuance whereof, a warrant or order hath been, or is to be issued, for the surveying the same for my use. *Now know ye*, that I the said *John Mendenhall* do hereby certify for the consideration of live witnesses (to be, to be in hand paid, by me, *John Mendenhall* Esquire

the receipt whereof is hereby acknowledged, as well as by other good causes, and valuable considerations, *That* granted, bargained and sold, and by these Presents *Do* grant, bargain and sell, unto the said *John Mendenhall*

heirs and assigns, all that the above mentioned tract of land, with the appurtenances, and all my right, title, claim and demand whatsoever, of, in and to the same, and every part thereof, and of, in and to all things which are lands and tenements whithersoever may be granted or lawfully by virtue of the said lands and tenements whithersoever any order or survey, issued, or to be issued in pursuance thereof; ^{to have and to hold} the said land and premises, with the appurtenances, unto ^{the said} ~~me~~ ^{my heirs and assigns}, to the only proper use and behoof of ~~him~~ ^{the said} ~~Tate~~ ^{John Mendenhall}.

My heirs and assigns forever; subject to the purchase money, fees and taxes already due, or hereafter to become due thereon.

In Witnes whereof, I have hereunto set my hand and seal, the
day of _____ in the year of our Lord, one thousand seven hundred and

raised and delivered }
 in the presence of }

North American Land Company deed poll.

In a letter written by William Temple Franklin at London on March 6, 1797 to U.S. Vice Consul Bourne at Amsterdam, "Sir, Your application to me in the name of Mr. Greenleaf for 500 shares of the North American Land Company as his property, I have communicated with Mr. James Marshall, Secretary of said company, who is of the opinion that Mr. Greenleaf has no longer any claim on that property as it appears that he sold the whole of his shares to Messrs. Morris and Nicholson. From this consideration, Mr. Marshall thinks I cannot comply with Mr. Greenleaf's order until further information is obtained on this subject. On this ground alone, Sir, I take the liberty of not acquiescing for the present with your application and not for any personal consideration - as I have really lost all hopes of being able to dispose of the shares, as originally intended. With sentiments of regret, I am wishing you a prosperous voyage, I am, Sir, y(r) humble sev(t), W.T. Franklin."

A letter to Sylvanus Bourne at Amsterdam, dated September 23, 1797, refers to a letter from Mr. Cranch, one of the commissioners of the City of Washington, to the assignees of James Greenleaf, Robert Morris and John Nicholson, apparently on behalf of Bourne, who was acting as the agent of certain gentlemen in Holland, advising that the squares of land were conveyed and recorded and the titles were to be perfected. After an involved legal explanation, the land was conveyed to Mssrs. Morris, Nicholson and Greenleaf by a payment of a certain sum of money.

On November 10, 1798, Bourne sent a three page letter from Amsterdam to Tobias Lear, George Washington's secretary, about the lots in Washington. He was concerned about his reputation as a loan agent. "You are sufficiently acquainted with human nature to know that however my

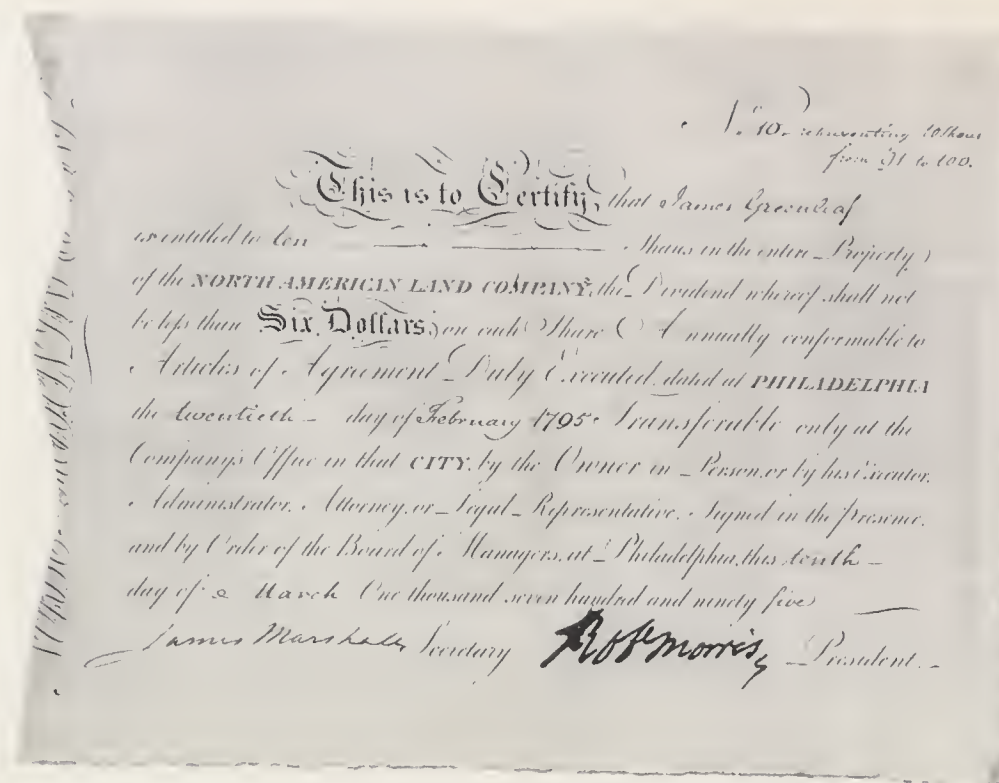
integrity in this transaction may have been, that should it prove unsuccessful to those concerned, they would be disposed to blame me for having betrayed them into an improper confidence." He planned to go to the United States in April to attend to the sale of property pledged in Rotterdam. In the event he could not make the trip because of business affairs, he asked Lear to manage details and maintain secrecy in making inquiries about title objections. He is not to let anyone know about the proposed sales because prices might be forced down by parties concerned in the derangement of Mr. Greenleaf's affairs.

During this period, other entrepreneurs were digging a canal across the City of Washington to connect the Potomac River with the Eastern Branch Harbour on the Anacostia River, through the promotion of a public lottery to raise \$175,000. This area is now the Mall.

As Philadelphia's emerging "Prince of Merchants," Morris's enormous investments were endangered by a depression after the war which affected seaport towns. His loans were made against borrowed securities. Now, Morris found himself saddled with partners who could not uphold their credit and his financial empire collapsed like a "rope of sand."

He lost a vast block of land in Georgia for non-payment of taxes and defaulted on payment for 6,000 lots he had in the new federal city. Robert Morris and John Nicholson, between them, defaulted on millions of dollars. The company fell upon hard times due to events in Europe and partly due to the dishonest activities of their other partner, James Greenleaf.

A small creditor brought about the arrest of Morris on December 10, 1797. By the fall of 1797, he no longer dared to venture out from his home on the Schuylkill River, which he called "Castle Defiance," and held the process servers and sheriff's deputies



Certificate issued to James Greenleaf in 1795 for 10 shares in the North American Land Company.

at bay for three months. On February 15, 1798, before the onset of the yellow fever epidemic, he gave himself up and was confined to the debtor's section of the Prune Street Jail, where he remained until the passage of the first national bankruptcy law for the relief of merchants and traders, enacted by Congress in April 1802.

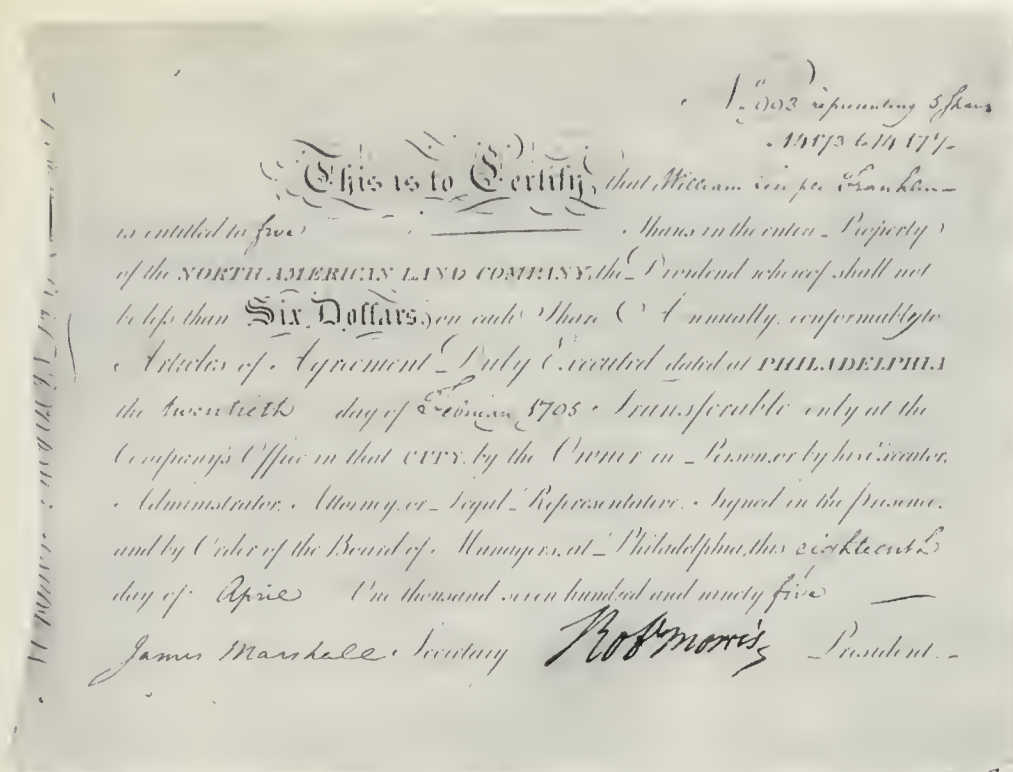
Morris spent the last few years with his faithful wife, Mary, at his beloved home "Hills." Through certain interests in The Holland Land Company, Mary received a life annuity of \$2,000 that was obtained for her by Gouverneur Morris, who was Robert's assistant when he was the Superintendent of Finance in 1781, and had prepared a report to change the money to a decimal system using dollars and cents. The Morrises were not related.

Robert Morris died on May 8,

1806 at the age of 73. His grave is a family vault in the yard at Christ Church in Philadelphia. A delegate to the Constitutional Convention said, "He had an understanding equal to any public object and possessed an energy that few men boast of. Although he was not learned, he was as great as those who are. A man of wisdom walked by. With his wit and wisdom, he saved a war by bringing freedom for a people. But alas, his dreams and visions were shattered."

James Nicholson died in prison in 1800. James Greenleaf was caught in a web of financial problems and deserted his wife in Europe and ended bankrupt.

The tangled legal problems of the North American Land Company existed well into the 19th century. In a reorganization of the company,



Five shares in the North American Land Company
issued to William Temple Franklin on February 20, 1795.

ventures. A partly-printed order by Governor Thomas Mifflin, dated January 30, 1794 to Daniel Brodhead, surveyor-general of Pennsylvania, directed him to make a survey for Dutch investors Wilhelm Willink, Nicholas Van Staphorst, Christiaan Van Eighen, Pieter Stadnitske, Hendrick Vollenhoven and Rutger Shimmelpennick, who purchased 900 acres of land east of the Allegheny River and Conawango Creek in the remaining Indian vacant lands within the Commonwealth. These investors also purchased many of the 1791 U.S. Revolutionary War Bonds. **EH**

Earl Moore is a dealer of autographs pertaining to financial history. He is also the editor of Auction Trends and was vice president of the Manuscript Society, an organization that awarded him a Certificate of Distinction and named him a Fellow of the Society.

References

Company records, research files, and Tobias Lear papers; *Appletons' Cyclopedia of American Biography*; Washington & Jefferson College, Washington, Pennsylvania; the Historical Society of Pennsylvania, and the American Philosophical Society of Pennsylvania. A collection of more than 2,000 company records may be found at the Alderman and McGregor libraries at the University of Virginia at Charlottesville, consisting of letters, surveys, maps, deeds, office records, legal suits, Dutch loans, certificates, and miscellaneous papers acquired from the author many years ago. Many miscellaneous papers still surface at auction from time to time.

Author's Note

A limited number of original deed poll applications for land, dated 1795, unsigned, along with a 32 page facsimile 1795 prospectus to promote the North American Land Company, with extra illustrations and historical information, are

Thomas Willing refused to act under the Trust after receiving a notice that the company's managers had conveyed certain estates of land to John Nixon, John Barclay and Thomas Willing, in trust.

On December 19, 1806, Willing stated, "I have no time since accepted the said Trust or acted in any wise as Trustee in relation thereto." On April 27, 1808, John Nixon and John Barclay conveyed to Henry Pratt, John Ashley, John Vaughan, Robert Porter and John Miller property of the North American Land Company for use as intended by the company. On April 30, 1838, John Vaughan and Robert Porter, surviving managers of the company, conveyed to Benjamin Tilghman the entire remaining property of the company, to act in Trust for the company's original purposes. On May 1

that year, Tilghman's entire interest was conveyed to John Vaughan, Robert Porter, James Dundas, Henry Nixon and Benjamin Kugler.

To settle a claim for a large tract of land in Virginia, one dollar was paid to transfer title to Dundas and Kugler by Clement and Nancy Biddle and five others on June 7, 1845. To quiet a title on 558,000 acres in Virginia, Trustees James Dundas and Benjamin Kugler paid \$25,000 for a transaction dating back to March 5, 1795.

The North American Land Company eventually ceased to operate, and the remaining assets were disposed of by Court Decree several years later.

Endnote

1. Dutch investors were also active in the Pennsylvania Population Company, one of Robert Morris' other

An American Dynasty *The Vanderbilts*

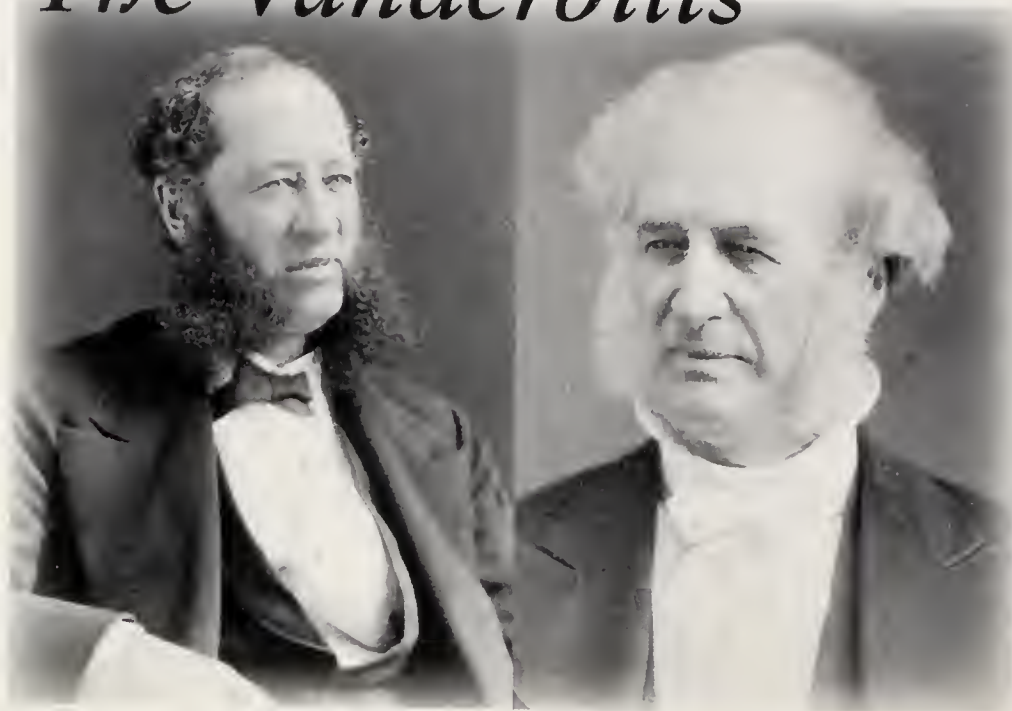
By James Lowe

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THE VANDERBILT NAME is intricately woven into the tapestry of American culture and finance, and has been synonymous with wealth and lavish lifestyles for over 150 years. The glamour and vast influence of this dynasty is evident throughout America in museums, libraries, palatial mansions, railroads and grand train stations, universities, parks, art collections, statuary, hospitals, and even street names.

Cornelius Van Derbilt (1794–1877), progenitor of the great family fortune, was one of America's legendary rags-to-riches success stories. He grew up in an era that was well suited to his temperament—aggressive, fast-growing and full of opportunities for a young man who liked a good fight. Soon to be known as the “Commodore,” Cornelius was the son of a poor Staten Island farmer (Cornelius Vander Bilt), whose ancestors had migrated from Holland in the late 1600s.

Exceptionally big, strong and ambitious, Cornelius quit school at age 11 to work in his father's boating business. At 16, using \$100 borrowed from his parents, he bought his first sailing vessel and started a ferry service between Staten Island and Manhattan. Branching out into freight shipping,



W. H. Vanderbilt

Cornelius Van Derbilt

his business flourished and, by the 1840s, he had a sizable fleet operating along the Northeastern seaboard.

In 1849, the California gold rush gave him an opportunity to broaden his horizons. He set up a sea-land route from New York to California via Nicaragua, and that business became a huge success. During the Civil War, nearing the age of 70, the hard-swearing, hard-working Commodore turned his attention to the railroad industry. By 1875, he built one of the nation's largest railroad systems. When he died in 1877, he left a fortune estimated at \$105 million. Much to the dismay of his eight daughters, \$90 million of that went to his eldest son, William Henry.

William Henry Vanderbilt (1821–1885) was born in modest surroundings in New Brunswick, NJ. His father was still a ferry boat captain at the time, and his mother ran a hotel. Because William was not strong physi-

cally during boyhood and adolescence, his able-bodied and dynamic father soon turned away from his son. After William's sudden teenage marriage (which offended the Commodore) and an ensuing illness, Cornelius, believing his son never would amount to anything, bought him a 70-acre farm on Staten Island to hide him away.

Much to the Commodore's surprise, William turned the farm into a financial success. During the depression of 1857 when the Staten Island Railroad became insolvent, William took over the firm and successfully rehabilitated it, making him—not his father—the family's first railroad executive. In 1864, the Commodore made William (then age 43) vice president of the New York & Harlem Railroad, finally recognizing his son's abilities and giving him parental recognition. William went on to materially develop his father's vast railroad holdings.

William was the first Vanderbilt to

bring the family into the era of resplendent mansions, and his palatial chateau at 5TH Avenue and 58TH Street became the talk of the nation. At his death, principal control of the family businesses went to his sons, Cornelius II and William Kissam.

William's eldest son, Cornelius Vanderbilt II (1843-1899), became a favorite of his grandfather and namesake. Working in the Commodore's office in his early 20s, he rose quickly in the Vanderbilt empire. At one time, he was a director of 34 different railroad companies and an active trustee in a like number of charitable, religious and educational institutions in New York City. He built a magnificent home on 5th Avenue and a mansion called "The Breakers" in Newport, RI. However, he had little or no time for society.

Considered the most industrious of the Vanderbilts since his grandfather, Cornelius II's strenuous activity shortened his life. At age 52, he suffered a paralyzing stroke and died three years later. He was survived by three sons - Cornelius III, Alfred (lost on the Lusitania in 1915) and Reginald-and by two daughters, Gertrude and Gladys, who later would figure in the Gloria Vanderbilt drama.

William Kissam Vanderbilt (1849-1920), William H.'s second son, unabashedly pursued the pleasures of high society. While he diligently assisted his older brother in managing the Vanderbilt empire, he was better known as a yachtsman, race horse owner and patron of the arts. His mansions in Newport and New York City became centers of frequent and lavish entertainment. His wife Alva, who brought social prominence to the family, gained international fame by confining the couple's daughter Consuelo in their Newport mansion while she financed and



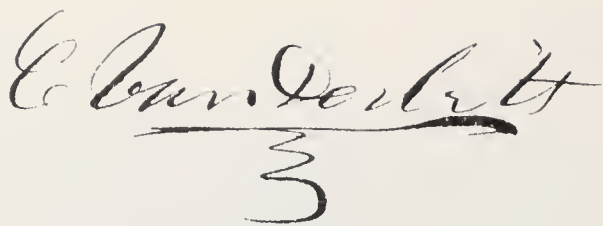
Stock certificates signed by W. H. Vanderbilt and W. K. Vanderbilt.

arranged a marriage to the Duke of Marlborough "with title" for her.

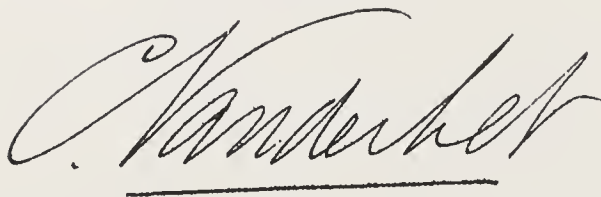
When Cornelius II suffered his stroke in 1896, William K. reluctantly took over management of the family businesses. Finding overseeing the vast Vanderbilt properties irksome, and

having little interest in railroading, he turned over operating control of the far-reaching Grand Central Railroad to an outside company, and bowed out of executive direction of the family businesses.

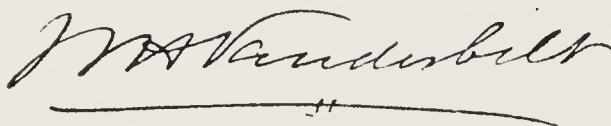
William H.'s youngest son, George



The Commodore



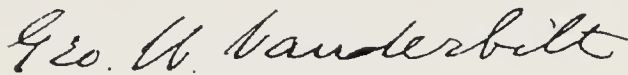
Cornelius Vanderbilt 2nd



W.H. Vanderbilt



W.K. Vanderbilt



George W. Vanderbilt

Washington Vanderbilt (1862-1914) became an agriculturist and a pioneer in forestry. He built the magnificent Biltmore mansion in the mountains of North Carolina.

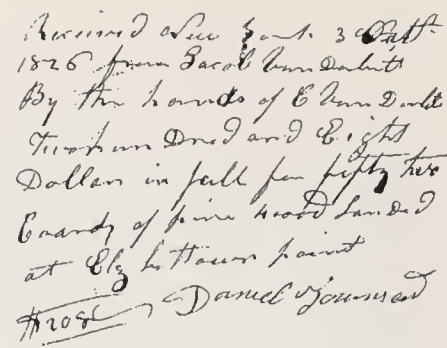
Succeeding generations of Vanderbilts stretched out in many directions, bringing more wealth, drama and notoriety to the family name. The triumphs and tragedies of this great family, especially during its zenith in the glitter and gold era, play out like a great American saga. Even today, the drama continues through the lives of its descendants.

Collecting autographs of the Vanderbilts is an adventure into a world of high finance and big business. William H. and his three sons usually are available in good content business letters (mostly handwritten) and in signed stock certificates of companies

they owned. Prices for these four Vanderbilts are generally in the \$250-\$650 range, depending on financial association.

It should be noted that Cornelius II's signature often is mistaken for that of his more expensive grandfather. A clue to help differentiate between the two is that the Commodore always signed his last name in the old Dutch fashion as "Van Derbilt" with the final "bilt" appearing more like "bitt."

Letters, documents, even signatures of the Commodore are relatively scarce. He is most often encountered in shipping-related papers during the period 1818 to 1829 when he worked as a ferry boat captain. Prices range between \$800 and \$3,500, with simple signatures bringing \$350-\$450.



Above: Handwritten document of the Commodore.

Left: Examples of Vanderbilt autographs.

Autograph material signed by most of the Vanderbilt movers and shakers, including the Commodore, can be found at specialty dealers with retail divisions devoted to financial history. For the student, Drew University in Madison, NJ and the Museum of American Financial History have outstanding collections of Vanderbilt papers. **FH**

James Lowe is CEO of James Lowe Autographs, Ltd. and resident autograph expert for the R.M. Smythe & Co. auction firm. He can be reached at 30 East 60th Street #304, New York, NY 10022 or at (212) 759-0775.

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Trivia Quiz

How much do you know about financial history?

Which Act, which came into play in 1933, attempted to exert government control over national industry?

Beginning in 1852, this courier service moved currency and gold along the mining trails, stagecoach routes, and railroad tracks crossing the American West. The express network grew, decade by decade, and in 1888, reached "Ocean-to-Ocean." What company was this?

Robert Kalina designed this new currency, which features windows, gateways and bridges, to symbolize openness and cooperation.

She was known as the "Witch of Wall Street" and is often used as an example of a woman who utilized the power of compound interest over time to build a fortune.

Supply and demand for what precious metal caused the Panic of 1889?

Were Confederate notes ever considered obligations by the U.S. Treasury?

The bill of currency in this denomination originated on June 25, 1776, when the Continental Congress authorized issuance of its denominations in "bills of credit for the defense of America."

During World War II, the Bureau of Printing and Engraving overprinted stocks of regular currency notes with distinguishing identifying features for use in this territory, which is now part of the United States. Which state is this?

Approximately what distance do traders on the floor of the NYSE walk each day?

What year marked the end of the Hamiltonian period?

- Answers:**
1. The National Recovery Act of 1933
 2. Wells Fargo
 3. The Euro
 4. Helty Green
 5. Gold
 6. No
 7. The \$2 Bill
 8. Hawaii
 9. 12 miles
 10. 1829

EVENTS CALENDAR SUMMER 1999

ROCKEFELLER REDISCOVERED

- Jul 9 Opening Reception, 4-7 pm, public invited.
- Jul 17, Aug 14 Rockefeller's Wall Street Walking Tour, Participants gather at the Museum at 10 am.
- Aug 4 Champagne Coach Tour of Rockefeller's New York, 6 pm.
- Aug 21, Oct 2 Kykuit Rockefeller Estate, Box Lunch Bus Trip, 9 am.
- Sept 10 & 25 Culinary Riches of the Robber Barons Food Tour, 10 am, Call Savory Sojourns at 888-9-SAVORY for reservations.
- Sept 15 Symposium: Historical Perspective on Monopolies, NYU Stern School, Tisch Hall, Rm 200, 7:30 pm, free to the public.

JULY

- 5 "Rockefeller Rediscovered" exhibit opens at the Museum, 28 Broadway. (212) 908-4110.
- 29, 30 World of Finance Walking Tour. (212) 908-4110.
- 7 IBSS Annual General Meeting & Auction, London. (+44) 1707 875659.
- 12 Alexander Hamilton Event, with author Tom Fleming. Noon at Federal Hall. (212) 908-4110.

AUGUST

- 8, 13, 20, 23 World of Finance Walking Tour. (212) 908-4110.
- 26 Blue Ridge Coin Auction. Blue Ridge Numismatic Association, in conjunction with R.M. Smythe & Co., Inc. Dalton, GA. (800) 622-1880.

SEPTEMBER

- 8, 10, 15, 24 World of Finance Walking Tour. (212) 908-4110.

A.P. Giannini

(continued from page 16)

A.P.'s written instructions to the Trustee epitomize his philosophy of giving. In these words, we see the character of this remarkable man:

"The Trustor at his desk in his office, in the city and county of San Francisco, is executing this declaration. The thoughts in his mind at this time are intimate and personal. He does not behold his Trustee as a cold, corporate entity, breathing only the life derived from it by the law.

"He sees through and beyond the corporate form, beholding the men and women who have worked by his side for the last 40 years. To these devoted co-workers he cannot speak in the stern formalism of the law. His mind and heart speak:

"Administer this Trust generously and nobly, remembering always human suffering. Let no legal technicality, ancient precedent or out-moded legal philosophy defeat the purpose of this Trust. Like St. Francis of Assisi, do good—do not merely theorize about goodness. This is my wish, and I confidently commit this Trust to your hands for its fulfillment.

"In witness whereof, A.P. Giannini, the Trustor, has hereunto set his hand, at San Francisco, California, this third day of October, 1945." **FH**

Sandy Mock is a Senior Vice President of Investments at PaineWebber. He recently donated his Early American collection to the Museum.

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- James, Marquis and Bessie Rowland James. *Biography of a Bank: The Story of the Bank of America.*
- Johnston, Moira. *Roller Coaster: The Bank of America and the Future of American Business.*

If you know of an auction or event of interest to historians and others interested in finance, please write to Kristin Richard at *Financial History*, c/o Museum of American Financial History, 26 Broadway, New York, NY 10004-1763, or e-mail: krichard@financialhistory.org

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(continued from page 26)

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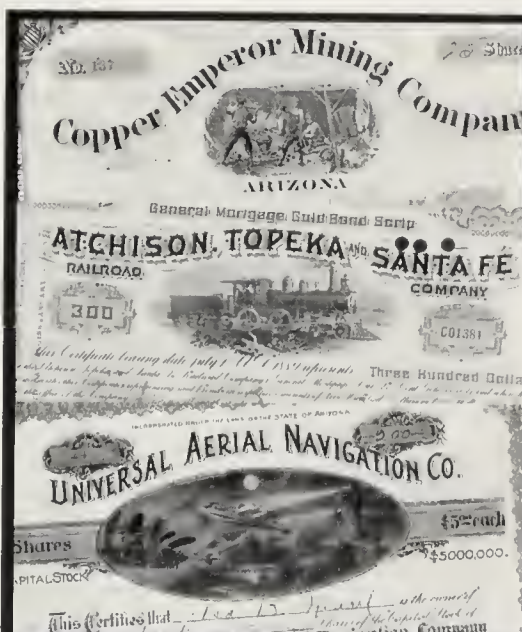
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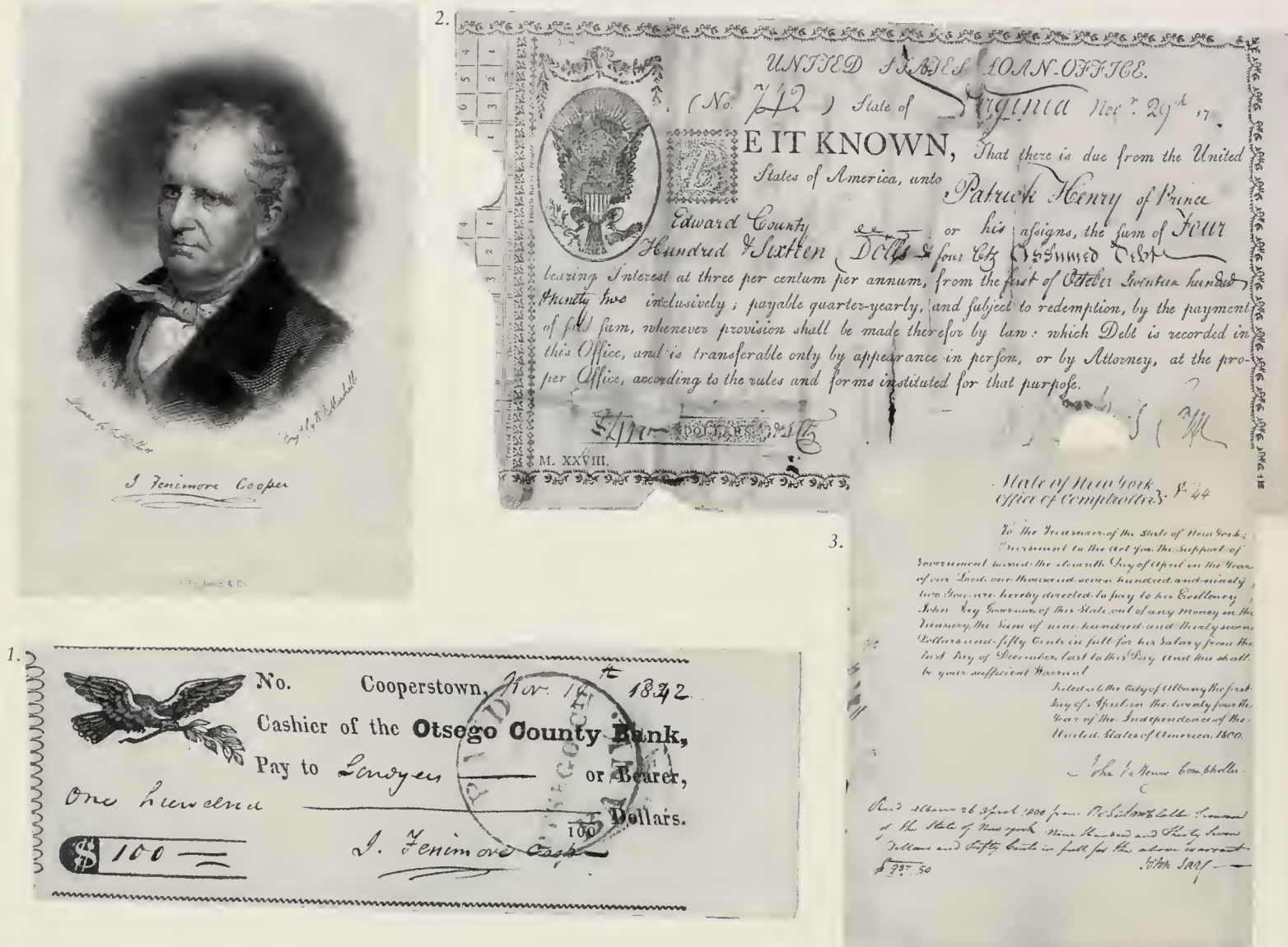
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Early American Highlights

By Keith Rolfe

Sandy Mock's 220-piece early-American collection, donated to the Museum in August 1998, has added greatly to our archive of 18th and 19th century financial documents and letters. These items will serve researchers, as well as the Museum's patrons, possibly contributing to future books and exhibits. The pieces dealing with or signed by notable Americans will, hopefully, also raise the interest of the general public in financial history as they come into contact with familiar names. All of the documents, in their own way, as seen in these three examples, depict meaningful (though sometimes small) parts of American history.



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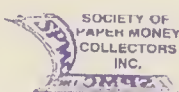
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